

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other	Local Government Name City of Marshall	County Calhoun
Audit Date 6/30/05	Opinion Date 11/7/05	Date Accountant Report Submitted to State: 12/15/05

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

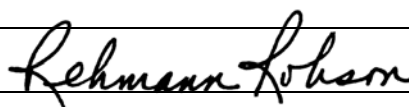
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

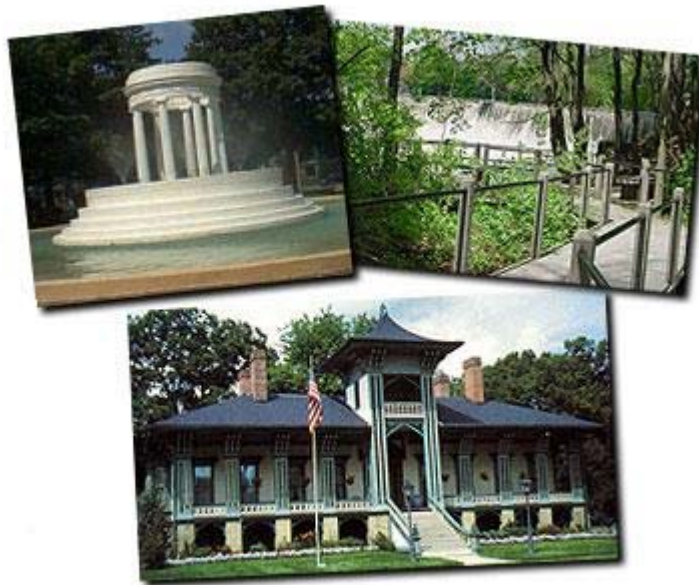
You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		X	
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

CITY OF
Marshall
MICHIGAN



Annual Financial Report

For the Fiscal Year Ended June 30, 2005



REHMANN ROBSON

Certified Public Accountants

CITY OF MARSHALL, MICHIGAN
Annual Financial Report
For the Fiscal Year Ended June 30, 2005
List of Principal City Officials

Elected Officials

City Council:

Duane Cowgill, Mayor

Kelly Feneley, Ward 1

Mike Kinter, Ward 2

Michael Brown, Ward 3

Matt Glaser, Ward 4

Mark E. Webb, Ward 5

Ron Goodwin, At Large

Administration

City Manager Maurice Evans

Assessor Nicole Wilson

Clerk-Treasurer / Finance Director Gail Budrow-Bradstreet

Public Safety Director Michael Olson

Utilities and Infrastructure Director Tom Tarkiewicz

CITY OF MARSHALL, MICHIGAN
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For the Fiscal Year Ended June 30, 2005

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FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

November 7, 2005

Honorable Mayor and
Members of the City Council
City of Marshall, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Marshall, Michigan***, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marshall's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General, Major Street and Local Street Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshall's basic financial statements. The combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

As management of the *City of Marshall, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$34,024,425 (*net assets*). Of this amount, \$11,185,045 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. [See note 4-F of the notes to the basic financial statements regarding restatements of beginning net assets.]
- The government's total net assets increased by \$1,757,251.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,390,366, an increase of \$212,210 in comparison with the prior year. Approximately 95 percent of this total amount, or \$3,232,063, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$1,059,792 or 21.4% of total general fund revenues and other financing sources.
- The City's total bonded debt increased by \$205,001 during the current fiscal year; \$4,275,000 of new and refunding bonds were issued during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, highways and streets, parks and recreation and community development. The business-type activities of the City include electric, wastewater, water, public transit, solid waste collection and other enterprise operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the major and local street special revenue funds, which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, wastewater, water, public transportation and other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its motor pool, data processing and safety services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, wastewater, water, Dial-A-Ride, and Marshall House funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with nonmajor funds. Combining and individual fund financial statements and schedules can be found on pages 59-83 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Marshall, assets exceeded liabilities by \$34,024,425 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (60.6 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, systems and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Marshall's Net Assets

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 5,108,470	\$ 7,489,877	\$ 10,784,145	\$ 9,158,929	\$ 15,892,615	\$ 16,648,806
Capital assets	17,688,431	9,714,703	18,622,768	18,572,914	36,311,199	28,287,617
Total assets	22,796,901	17,204,580	29,406,913	27,731,843	52,203,814	44,936,423
Long-term liabilities outstanding	6,247,525	6,752,271	9,732,884	9,173,262	15,980,409	15,925,533
Other liabilities	448,257	1,019,282	1,750,723	2,019,467	2,198,980	3,038,749
Total liabilities	6,695,782	7,771,553	11,483,607	11,192,729	18,179,389	18,964,282
Net assets:						
Invested in capital assets, net						
of related debt	11,721,351	4,823,092	8,889,884	9,093,760	20,611,235	13,916,852
Restricted	751,070	-	1,477,075	1,583,723	2,228,145	1,583,723
Unrestricted	3,628,698	4,609,935	7,556,347	5,861,631	11,185,045	10,471,566
Total net assets	\$ 16,101,119	\$ 9,433,027	\$ 17,923,306	\$ 16,539,114	\$ 34,024,425	\$ 25,972,141

An additional portion of the City's net assets (6.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (32.9 percent or \$11,185,045) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$1,757,251 during the current fiscal year as compared to an increase of \$2,168,959 for the prior year. The current year increase in net assets reflects the extent by which revenues exceeded accrual basis expenses, including depreciation on governmental capital assets and infrastructure. The change from the prior year results of approximately \$400,000 reflects various anticipated fluctuations in revenues and expenses, as opposed to being attributable to a specific set of circumstances.

City of Marshall's Changes in Net Assets

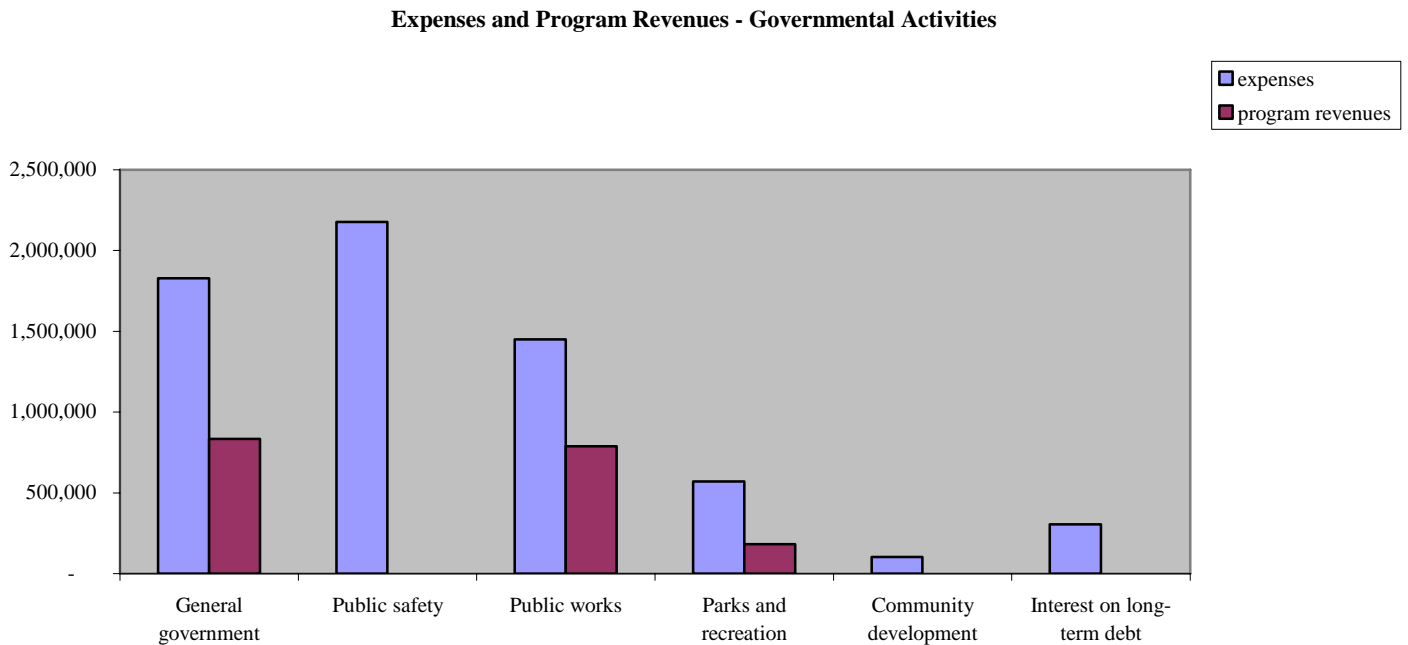
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue:						
Program revenue:						
Charges for services	\$ 360,447	\$ 468,711	\$ 14,901,528	\$ 14,680,793	\$ 15,261,975	\$ 15,149,504
Operating grants and contributions	1,067,419	1,969,579	1,229,557	1,449,020	2,296,976	3,418,599
Capital grants and contributions	376,885	-	43,800	-	420,685	-
General revenue:						
Property taxes	3,439,111	3,962,014	102,569	101,283	3,541,680	4,063,297
Grants and contributions not restricted to specific programs	747,106	-	-	-	747,106	-
Other	120,735	81,292	62,951	69,260	183,686	150,552
Total revenue	6,111,703	6,481,596	16,340,405	16,300,356	22,452,108	22,781,952
Expenses:						
General government	1,827,576	2,430,182	-	-	1,827,576	2,430,182
Public safety	2,177,858	1,975,133	-	-	2,177,858	1,975,133
Public works	1,451,015	1,434,563	-	-	1,451,015	1,434,563
Parks and recreation	570,338	230,566	-	-	570,338	230,566
Community development	103,036	190,694	-	-	103,036	190,694
Interest on long-term debt	304,518	391,771	-	-	304,518	391,771
Electric	-	-	10,707,265	10,453,882	10,707,265	10,453,882
Wastewater	-	-	1,291,373	1,349,046	1,291,373	1,349,046
Water	-	-	1,333,940	1,268,768	1,333,940	1,268,768
Public transit	-	-	430,705	401,425	430,705	401,425
Marshall House	-	-	497,233	486,963	497,233	486,963
Total expenses	6,434,341	6,652,909	14,260,516	13,960,084	20,694,857	20,612,993
Change in net assets before transfers	(322,638)	(171,313)	2,079,889	2,340,272	1,757,251	2,168,959
Transfers	695,697	613,603	(695,697)	(613,603)	-	-
Change in net assets	373,059	442,290	1,384,192	1,726,669	1,757,251	2,168,959
Net assets - beginning of year	15,728,060	8,990,737	16,539,114	14,812,445	32,267,174	23,803,182
Net assets - end of year	\$ 16,101,119	\$ 9,433,027	\$ 17,923,306	\$ 16,539,114	\$ 34,024,425	\$ 25,972,141

[The 2004 amounts reported above have not been restated for the implementation of infrastructure capital assets in the governmental activities nor the reclassification of the DDA, LDFA and EDC from blended to discretely presented component units; see Note 4-F of the notes to the financial statements.]

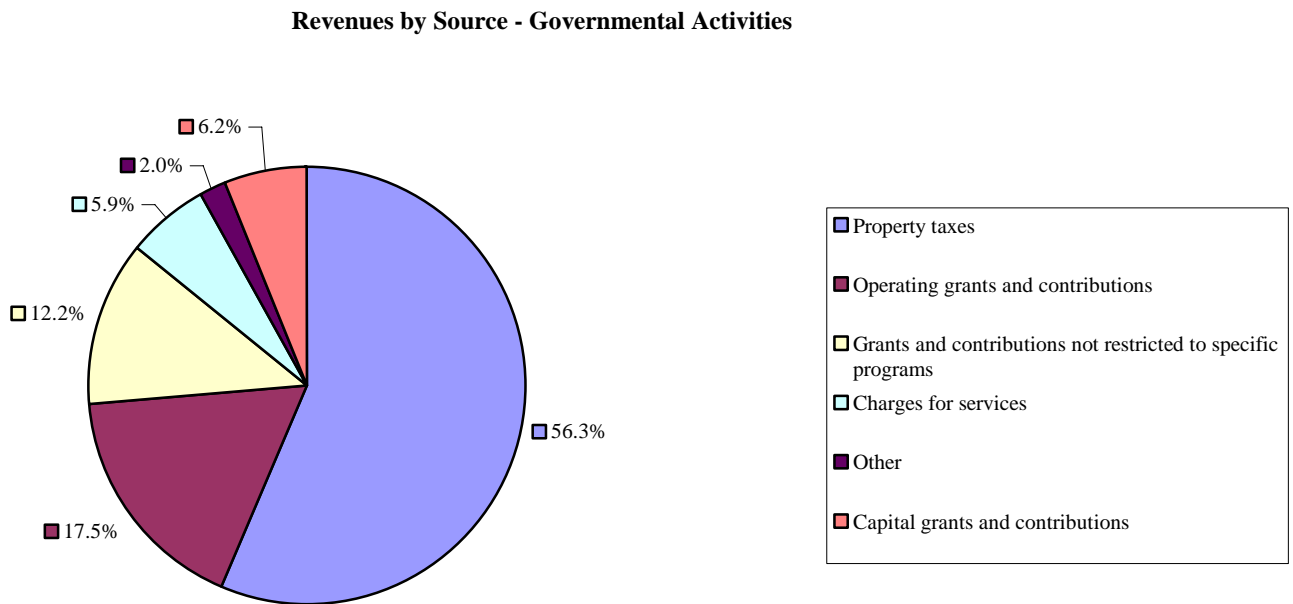
Governmental activities. Governmental activities increased the City's net assets by \$373,059 (as compared to a prior year increase of \$442,290). Key elements of this increase and the change from the prior year are as follows:

- Increases in expenses were generally limited to inflationary increases and closely monitored through budgetary controls.
- Current year expenses include approximately \$155,000 of depreciation on infrastructure capital assets for the first time as a result of adopting this last requirement of GASB Statement No. 34. This was offset, in part, by approximately \$127,000 of capitalized infrastructure costs during the year.
- Grants and contributions in total, including those reported as program and general revenues, increased approximately \$392,000.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

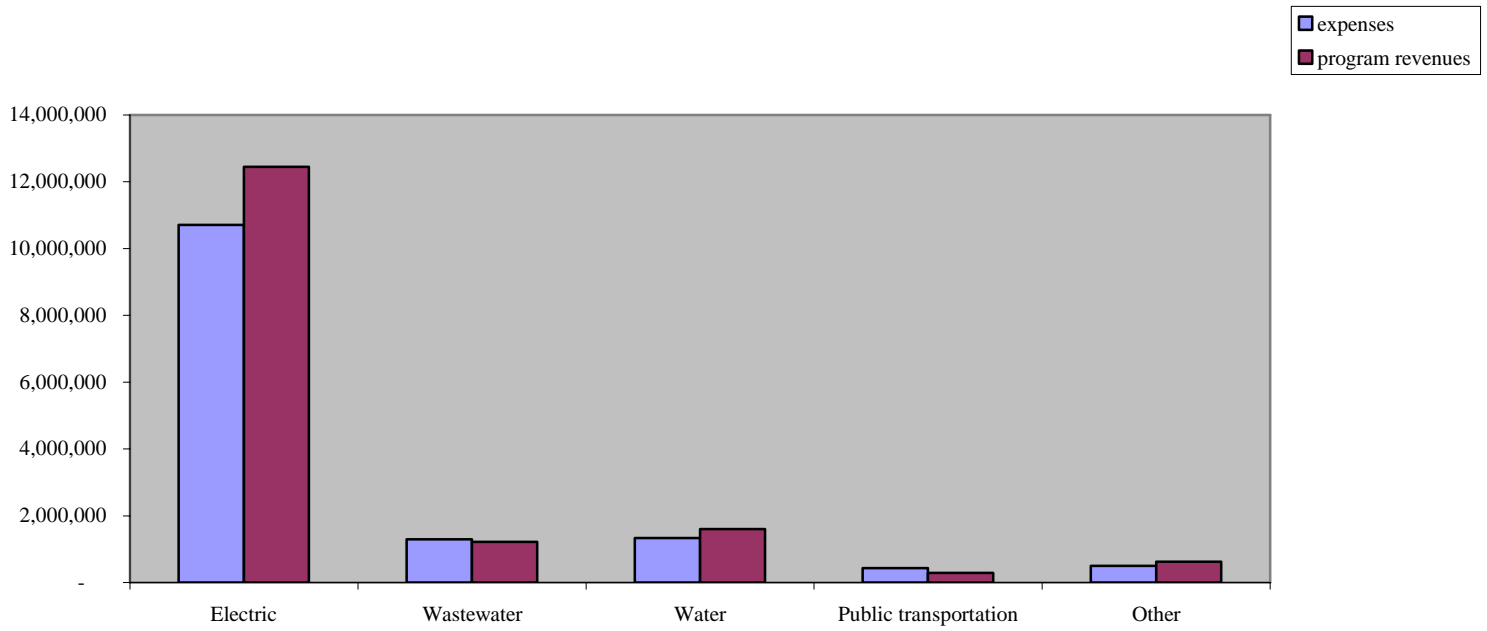


Business-type activities. Business-type activities increased the City's net assets by \$1,384,192 as compared to an increase of \$1,726,669 the prior year. Key elements of this change include:

- Total revenue was practically unchanged, with only a marginal increase of 0.2 percent.
- Total expenses increased 2.4 percent, which generally matches inflation.
- Transfers, primarily for debt service obligations, increase approximately \$82,000.

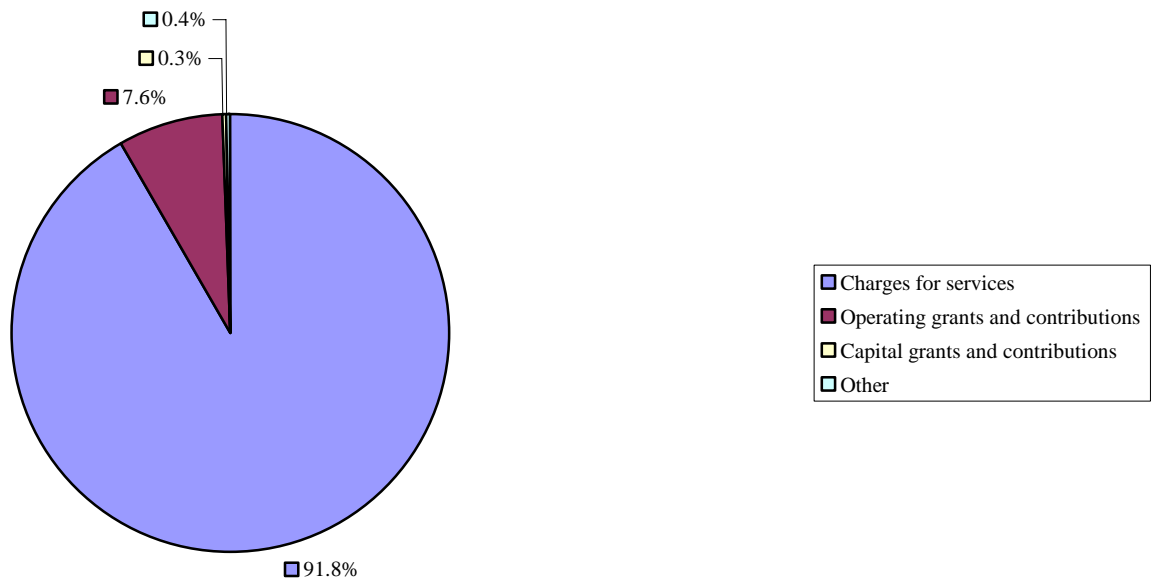
Expenses and Program Revenues - Business-type Activities

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities

Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,390,366, an increase of \$212,210 in comparison with the prior year. Approximately 95% of this total amount (\$3,232,063) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for prepaid expenditures.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$1,059,792, while total fund balance was \$1,793,319. As a measure of the general fund's liquidity, it may be useful to compare unreserved, undesignated fund balance to total general fund revenues. Unreserved undesignated fund balance represents 21.4 percent of total general fund revenues and other financing sources.

The fund balance of the City's general fund increased by \$166,965 during the current fiscal year, which was \$58,777 greater than anticipated in the final budget.

The major street fund reported an increase in total fund balance of \$4,236 to an ending balance of \$203,077, which is \$27,366 greater than anticipated. The budget for fiscal 2005-06 anticipates a use of fund balance in the amount of \$71,235.

The local street fund reported a decrease in total fund balance of \$1,200 to an ending balance of \$41,432, which is \$23,378 less than anticipated. The budget for fiscal 2005-06 anticipates a use of fund balance in the amount of \$29,482.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the electric fund at the end of the year amounted to \$5,246,320. The fund had an increase in net assets for the year of \$1,404,504, which was commensurate with the increase in the prior year after correction to the beginning net assets. Of the current year increase, \$637,792 was attributable to the increase in value of the City's investment in the MSCPA.

The wastewater fund reported unrestricted net assets at the end of the year of \$551,597. For the year, the fund had a decrease in net assets of \$70,866 as compared to a decrease of \$62,990 in the prior year.

The water fund reported unrestricted net assets at the end of the year of \$1,049,083. For the year, the fund had an increase in net assets of \$222,286 as compared to an increase of \$305,131 in the prior year.

The Dial-A-Ride fund reported unrestricted net assets at the end of the year of \$121,361. For the year, the fund had a decrease in net assets of \$115,257 as compared to a similar decrease of \$101,483 in the prior year.

The Marshall House fund reported unrestricted net assets at the end of the year of \$557,621. For the year, the fund had a decrease in net assets of \$86,840 as compared to a similar decrease of \$85,769 in the prior year.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for revenue were minor and can be briefly summarized as follows:

- \$68,805 increase in state shared revenue;
- \$16,850 increase in property tax revenue;
- \$13,836 increase in interest income;
- \$12,500 decrease in District Court ordinance fines; and
- other minor decreases in other accounts.

Differences between the original and final amended budgets for expenditures were also minor and can be briefly summarized as follows:

- decreases in all departments due to lower than anticipated health insurance costs;
- restructuring of economic development services resulting in a decrease to City Manager and increase to Community Development; and
- \$184,000 decrease in capital outlay due to a planned project delay.

For the year, general fund budgetary estimates for revenues, expenditures and other financing sources and uses differed from actual, resulting in a net increase in fund balance that was \$58,777 greater than anticipated in the final amended budget. This result was primarily due to the receipt of \$184,160 of bond proceeds to reconstruct the downtown alleys and storm sewer, which did not take place in fiscal year 2004-05 and will be carried over into the 2005-06 fiscal year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounted to \$36,311,199 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, system, vehicles, equipment, and streets. Net capital assets for governmental activities decreased 1.9%, and for business-type activities decreased by 1.3%. Overall, total net capital assets for the City decreased 1.6%.

Major capital asset events during the current fiscal year included the addition of infrastructure capital assets valued at over \$6 million for assets acquired or constructed since 1980, airport improvements of \$163,000 (of which 95 percent was paid by the State), and various systems, building and vehicle improvements/acquisitions totaling \$838,215 in the enterprise funds.

City of Marshall's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 2,232,662	\$ 2,232,662	\$ 164,618	\$ 123,949	\$ 2,397,280	\$ 2,356,611
Construction in process	-	-	403,938	176,419	403,938	176,419
Land improvements	3,908,926	4,007,312	-	-	3,908,926	4,007,312
Buildings	4,292,997	4,397,888	937,306	1,403,953	5,230,303	5,801,841
Vehicles	1,014,833	1,110,213	508,763	568,036	1,523,596	1,678,249
Equipment	173,562	199,288	533,578	519,101	707,140	718,389
Systems	-	-	16,074,565	16,081,644	16,074,565	16,081,644
Infrastructure	6,065,451	6,092,586	-	-	6,065,451	6,092,586
Total	\$ 17,688,431	\$ 18,039,949	\$ 18,622,768	\$ 18,873,102	\$ 36,311,199	\$ 36,913,051

Additional information on the City's capital assets can be found in Note 3-D. on pages 49-50 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$13,885,001. Of this amount, \$9,880,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

City of Marshall's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 5,330,000	\$ 5,265,000	\$ 4,550,000	\$ 3,945,000	\$ 9,880,000	\$ 9,210,000
Revenue bonds	-	-	4,005,001	4,470,000	4,005,001	4,470,000
Total	\$ 5,330,000	\$ 5,265,000	\$ 8,555,001	\$ 8,415,000	\$ 13,885,001	\$ 13,680,000

The City's total bonded debt increased by \$205,001 (1.5 percent) during the current fiscal year, with \$4,275,000 of new and refunding bonds issued during the year.

The following chart depicts the City's credit rating for the various outstanding debt and the different rating agencies:

	<u>S&P</u>
Electric revenue bonds	BBB+
General obligation limited tax bonds	A
General obligation unlimited tax bonds	A

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$29,175,991 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3-G. on pages 51-55 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2005-06 fiscal year:

- City Council's desire to cut \$600,000 from the General Fund budget without reducing personnel or services;
- Developed budgets within the context of the forecasted revenues and expenditures;
- No growth in state shared revenue;
- City Council's desire to delay a recommended rate increase in wastewater and to reduce electric rates by three percent (3%); and
- Inflationary trends in the region are comparable to national indices.

During the current fiscal year, the unreserved undesignated fund balance in the general fund increased by \$166,745 to \$1,059,792. The City will be appropriating \$184,160 of the general fund unreserved fund balance for reconstruction of the downtown alleys and storm sewer.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 323 West Michigan Avenue, Marshall, Michigan 49068-1578.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets
June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 661,812	\$ 1,551,974	\$ 2,213,786	\$ 100,528
Investments	3,792,510	1,834,301	5,626,811	1,107,836
Receivables	394,937	990,702	1,385,639	3,433
Internal balances	(30,365)	30,365	-	-
Inventories, prepaid items and other assets	289,576	1,246,069	1,535,645	10,199
Investment in MSCPA	-	3,653,659	3,653,659	-
Restricted cash and cash equivalents	-	1,477,075	1,477,075	73,849
Capital assets not being depreciated	2,232,662	568,556	2,801,218	-
Capital assets being depreciated, net	15,455,769	18,054,212	33,509,981	-
Total assets	<u>22,796,901</u>	<u>29,406,913</u>	<u>52,203,814</u>	<u>1,295,845</u>
Liabilities				
Accounts payable and accrued expenses	345,322	1,656,453	2,001,775	3,469
Accrued interest payable	88,696	94,270	182,966	7,153
Unearned revenue	14,239	-	14,239	-
Long-term liabilities:				
Due within one year	668,568	625,001	1,293,569	95,000
Due in more than one year	5,578,957	9,107,883	14,686,840	775,000
Total liabilities	<u>6,695,782</u>	<u>11,483,607</u>	<u>18,179,389</u>	<u>880,622</u>
Net assets				
Invested in capital assets, net of related debt	11,721,351	8,889,884	20,611,235	-
Restricted for:				
Debt service	15,056	1,477,075	1,492,131	73,849
Capital projects	199,862	-	199,862	-
Endowment - expendable	536,152	-	536,152	-
Unrestricted	3,628,698	7,556,347	11,185,045	341,374
Total net assets	<u>\$ 16,101,119</u>	<u>\$ 17,923,306</u>	<u>\$ 34,024,425</u>	<u>\$ 415,223</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Activities
For the Year Ended June 30, 2005

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 1,827,576	\$ 185,380	\$ 493,898	\$ 154,884	\$ (993,414)
Public safety	2,177,858	250	-	-	(2,177,608)
Public works	1,451,015	-	566,367	222,001	(662,647)
Parks and recreation	570,338	174,817	7,154	-	(388,367)
Community development	103,036	-	-	-	(103,036)
Interest on long-term debt	304,518	-	-	-	(304,518)
Total governmental activities	6,434,341	360,447	1,067,419	376,885	(4,629,590)
Business-type activities:					
Electric	10,707,265	11,810,799	637,792	-	1,741,326
Wastewater	1,291,373	1,186,681	-	30,000	(74,692)
Water	1,333,940	1,564,864	21,850	13,800	266,574
Public transit	430,705	39,521	247,076	-	(144,108)
Marshall House	497,233	299,663	322,839	-	125,269
Total business-type activities	14,260,516	14,901,528	1,229,557	43,800	1,914,369
Total primary government	\$ 20,694,857	\$ 15,261,975	\$ 2,296,976	\$ 420,685	\$ (2,715,221)
Component units					
Community development	\$ 645,748	\$ 76,311	\$ -	\$ -	\$ (569,437)

Continued...

CITY OF MARSHALL, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (4,629,590)	\$ 1,914,369	\$ (2,715,221)	\$ (569,437)
General revenues:				
Property taxes	3,439,111	102,569	3,541,680	643,122
Grants and contributions not restricted to specific programs	747,106	-	747,106	-
Unrestricted investment earnings	120,735	62,951	183,686	31,594
Transfers - internal activities	695,697	(695,697)	-	-
Total general revenues and transfers	5,002,649	(530,177)	4,472,472	674,716
Change in net assets	373,059	1,384,192	1,757,251	105,279
Net assets, beginning of year, as restated	15,728,060	16,539,114	32,267,174	309,944
Net assets, end of year	<u>\$ 16,101,119</u>	<u>\$ 17,923,306</u>	<u>\$ 34,024,425</u>	<u>\$ 415,223</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN
Balance Sheet
Governmental Funds
June 30, 2005

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 184,178	\$ 46,358	\$ 18,450	\$ 163,871	\$ 412,857
Investments	1,636,770	85,381	19	1,071,181	2,793,351
Accounts receivable	18,262	57,886	22,377	199,859	298,384
Taxes receivable	129	-	-	-	129
Due from other governments	9,026	24,155	-	613	33,794
Prepaid items	137,774	2,616	2,033	15,880	158,303
	<u>137,774</u>	<u>2,616</u>	<u>2,033</u>	<u>15,880</u>	<u>158,303</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,986,139</u>	<u>\$ 216,396</u>	<u>\$ 42,879</u>	<u>\$ 1,451,404</u>	<u>\$ 3,696,818</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 29,185	\$ 11,165	\$ -	\$ 67,653	\$ 108,003
Accrued liabilities	163,618	2,154	1,447	16,914	184,133
Due to other governments	17	-	-	60	77
Deferred revenue	-	-	-	14,239	14,239
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,239</u>	<u>14,239</u>
Total liabilities	<u>192,820</u>	<u>13,319</u>	<u>1,447</u>	<u>98,866</u>	<u>306,452</u>
Fund balances					
Reserved for prepaid items	137,774	2,616	2,033	15,880	158,303
Unreserved:					
Designated for working capital	500,000	-	-	-	500,000
Designated for other purposes	95,753	-	-	3,550	99,303
Designated for subsequent year expenditures	-	71,235	9,917	29,748	110,900
Undesignated	1,059,792	129,226	29,482	-	1,218,500
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	552,290	552,290
Debt service funds	-	-	-	15,056	15,056
Capital projects funds	-	-	-	199,862	199,862
Permanent fund	-	-	-	536,152	536,152
	<u>-</u>	<u>-</u>	<u>-</u>	<u>536,152</u>	<u>536,152</u>
Total fund balances	<u>1,793,319</u>	<u>203,077</u>	<u>41,432</u>	<u>1,352,538</u>	<u>3,390,366</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,986,139</u>	<u>\$ 216,396</u>	<u>\$ 42,879</u>	<u>\$ 1,451,404</u>	<u>\$ 3,696,818</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2005

Fund balances - total governmental funds	\$ 3,390,366
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	25,190,972
Deduct - accumulated depreciation	(8,704,074)

Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental internal service funds	2,319,004
Add - portion of internal service funds net operating income attributed to business-type funds	(30,365)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures.

Add - long-term contracts receivable	55,000
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds and installment contracts payable	(5,849,430)
Add - unamortized bond issuance costs	105,401
Deduct - premium on bonds	(7,650)
Deduct - accrued interest on bonds and installment contracts payable	(87,660)
Deduct - compensated absences	(280,445)

Net assets of governmental activities	<u>\$ 16,101,119</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General	Major Street	Local Street	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 3,266,101	\$ -	\$ -	\$ 173,010	\$ 3,439,111
Licenses and permits	64,004	-	-	-	64,004
Intergovernmental	940,448	428,043	138,324	249,246	1,756,061
Charges for services	51,432	-	-	193,984	245,416
Fines and forfeitures	27,851	-	-	23,176	51,027
Investment earnings	70,180	3,330	396	17,581	91,487
Other	180,499	-	-	110,979	291,478
	<u>4,600,515</u>	<u>431,373</u>	<u>138,720</u>	<u>767,976</u>	<u>5,938,584</u>
Total revenue					
	<u>4,600,515</u>	<u>431,373</u>	<u>138,720</u>	<u>767,976</u>	<u>5,938,584</u>
Expenditures					
Current expenditures:					
General government	1,353,274	-	-	399,730	1,753,004
Public safety	2,151,503	-	-	-	2,151,503
Public works	826,714	-	-	-	826,714
Highways and streets	-	162,486	131,652	-	294,138
Community development	84,237	-	-	-	84,237
Culture and recreation	81,987	-	-	377,053	459,040
Debt service:					
Principal	82,161	120,000	-	270,000	472,161
Interest and fiscal charges	48,655	40,394	-	198,904	287,953
Bond issuance costs	6,884	21,738	-	78,648	107,270
Capital outlay	58,848	42,653	72,268	5,227	178,996
	<u>4,694,263</u>	<u>387,271</u>	<u>203,920</u>	<u>1,329,562</u>	<u>6,615,016</u>
Total expenditures					
	<u>4,694,263</u>	<u>387,271</u>	<u>203,920</u>	<u>1,329,562</u>	<u>6,615,016</u>
Revenue over (under) expenditures	<u>(93,748)</u>	<u>44,102</u>	<u>(65,200)</u>	<u>(561,586)</u>	<u>(676,432)</u>
Other financing sources (uses)					
Transfers in	165,739	-	64,000	525,154	754,893
Transfers out	(101,270)	(64,000)	-	(7)	(165,277)
Long-term debt issued	190,000	600,000	-	2,600,000	3,390,000
Premiums on debt	1,044	7,008	-	-	8,052
Payment to refunding escrow agent	-	(582,874)	-	(2,521,352)	(3,104,226)
Proceeds from sales of capital assets	5,200	-	-	-	5,200
	<u>260,713</u>	<u>(39,866)</u>	<u>64,000</u>	<u>603,795</u>	<u>888,642</u>
Total other financing sources (uses)					
	<u>260,713</u>	<u>(39,866)</u>	<u>64,000</u>	<u>603,795</u>	<u>888,642</u>
Net change in fund balances	166,965	4,236	(1,200)	42,209	212,210
Fund balances, beginning of year	<u>1,626,354</u>	<u>198,841</u>	<u>42,632</u>	<u>1,310,329</u>	<u>3,178,156</u>
Fund balances, end of year	<u>\$ 1,793,319</u>	<u>\$ 203,077</u>	<u>\$ 41,432</u>	<u>\$ 1,352,538</u>	<u>\$ 3,390,366</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2005

Net change in fund balances - total governmental funds **\$ 212,210**

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	188,952
Add - capital contributions	154,884
Deduct - depreciation expense	(653,186)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct - proceeds from issuance of long-term debt	(3,390,000)
Add - payment to refunding bond escrow agent	3,104,226
Deduct - bond premium	(8,052)
Add - bond issuance costs	107,270
Add - principal payments on long-term liabilities	472,161
Deduct - net amortization of premiums and issuance costs on bonds	(3,283)

Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Add - net operating income from governmental activities in internal service funds	79,630
Add - interest revenue from governmental internal service funds	21,518
Deduct - interest expense from governmental internal service funds	(4,457)
Add - transfers received in governmental internal service funds	106,081

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrued interest payable on bonds	(12,108)
Deduct - increase in the accrual for compensated absences	(2,787)

Change in net assets of governmental activities **\$ 373,059**

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2005

	Budget			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Property taxes	\$ 3,240,350	\$ 3,257,200	\$ 3,266,101	\$ 8,901
Licenses and permits	62,000	60,000	64,004	4,004
Intergovernmental	875,649	944,454	940,448	(4,006)
Charges for services	59,500	47,000	51,432	4,432
Fines and forfeitures	28,500	25,011	27,851	2,840
Investment earnings	45,000	58,836	70,180	11,344
Other	184,243	181,390	180,499	(891)
Total revenues	4,495,242	4,573,891	4,600,515	26,624
Expenditures				
General government				
Council	7,006	7,500	6,621	(879)
Manager	151,298	137,000	131,665	(5,335)
Assessor	104,012	105,000	104,524	(476)
Attorney	100,500	100,500	93,685	(6,815)
Human resources	61,254	61,254	59,880	(1,374)
Clerk-Treasurer	316,588	312,000	304,061	(7,939)
City hall	77,810	75,810	69,730	(6,080)
Chapel	1,685	2,085	2,426	341
Other city property	1,436	2,035	2,905	870
Cemetery	140,309	140,309	143,146	2,837
Airport	87,014	87,014	82,727	(4,287)
Non-departmental	394,890	370,386	351,904	(18,482)
Total general government	1,443,802	1,400,893	1,353,274	(47,619)
Public safety				
Police	1,252,496	1,249,246	1,304,682	55,436
Fire	699,694	697,694	715,758	18,064
Inspection / code enforcement	125,631	121,631	103,141	(18,490)
Crossing guards	40,315	28,315	27,922	(393)
Total public safety	2,118,136	2,096,886	2,151,503	54,617
Public works				
Streets	655,580	675,580	675,732	152
Public services building	105,469	102,469	82,628	(19,841)
Engineering	72,447	72,447	68,354	(4,093)
Total public works	833,496	850,496	826,714	(23,782)

Continued...

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Concluded)
General Fund
For the Year Ended June 30, 2005

	Budget		Actual	Actual
	Original	Final		Over (Under) Final Budget
Expenditures (concluded)				
Community development				
Community development	\$ 11,555	\$ 31,133	\$ 29,468	\$ (1,665)
Planning	70,477	58,477	54,769	(3,708)
Total community development	82,032	89,610	84,237	(5,373)
Culture and recreation - Parks	74,990	80,990	81,987	997
Debt service				
Principal	63,550	63,550	82,161	18,611
Interest and fiscal charges	42,971	42,971	48,655	5,684
Bond issuance costs	-	-	6,884	6,884
Total debt service	106,521	106,521	137,700	31,179
Capital outlay	267,150	83,150	58,848	(24,302)
Total expenditures	4,926,127	4,708,546	4,694,263	(14,283)
Revenue over (under) expenditures	(430,885)	(134,655)	(93,748)	40,907
Other financing sources (uses)				
Transfers in	181,988	181,988	165,739	(16,249)
Transfers out	(124,341)	(123,145)	(101,270)	21,875
Long-term debt issued	184,000	184,000	190,000	6,000
Premiums on debt	-	-	1,044	1,044
Proceeds from sales of capital assets	-	-	5,200	5,200
Total other financing (uses)	241,647	242,843	260,713	17,870
Net change in fund balances	(189,238)	108,188	166,965	58,777
Fund balance, beginning of year	1,393,986	1,626,354	1,626,354	-
Fund balance, end of year	<u>\$ 1,204,748</u>	<u>\$ 1,734,542</u>	<u>\$ 1,793,319</u>	<u>\$ 58,777</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Major Street Special Revenue Fund
For the Year Ended June 30, 2005

	Budget		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Intergovernmental revenue	\$ 422,000	\$ 419,500	\$ 428,043	\$ 8,543
Investment earnings	1,200	1,200	3,330	2,130
Total revenues	423,200	420,700	431,373	10,673
Expenditures				
Highways and streets	164,844	164,844	162,486	(2,358)
Debt service:				
Principal	166,683	166,683	120,000	(46,683)
Interest and fiscal charges	-	-	40,394	40,394
Bond issuance costs	-	-	21,738	21,738
Capital outlay	11,500	22,303	42,653	20,350
Total expenditures	343,027	353,830	387,271	33,441
Revenues over (under) expenditures	80,173	66,870	44,102	(22,768)
Other financing sources (uses)				
Transfers out	(90,000)	(90,000)	(64,000)	26,000
Long-term debt issued	-	-	600,000	600,000
Premiums on debt	-	-	7,008	7,008
Payment to refunding escrow agent	-	-	(582,874)	(582,874)
Total other sources (uses)	(90,000)	(90,000)	(39,866)	50,134
Net change in fund balances	(9,827)	(23,130)	4,236	27,366
Fund balances, beginning of year	95,005	198,841	198,841	-
Fund balances, end of year	\$ 85,178	\$ 175,711	\$ 203,077	\$ 27,366

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Local Street Special Revenue Fund
For the Year Ended June 30, 2005

	Budget			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 143,226	\$ 140,726	\$ 138,324	\$ (2,402)
Investment earnings	1,000	1,000	396	(604)
Total revenues	144,226	141,726	138,720	(3,006)
Expenditures				
Highways and streets	143,948	124,848	131,652	6,804
Capital outlay	90,600	84,700	72,268	(12,432)
Total expenditures	234,548	209,548	203,920	(5,628)
Revenues over (under) expenditures	(90,322)	(67,822)	(65,200)	2,622
Other financing sources				
Transfers in	90,000	90,000	64,000	(26,000)
Net change in fund balances	(322)	22,178	(1,200)	(23,378)
Fund balances, beginning of year	26,537	42,632	42,632	-
Fund balances, end of year	\$ 26,215	\$ 64,810	\$ 41,432	\$ (23,378)

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Assets							
Current assets:							
Cash and cash equivalents	\$ 1,035,502	\$ 127,827	\$ 276,582	\$ 5,143	\$ 106,920	\$ 1,551,974	\$ 248,955
Investments	322,642	352,379	602,943	65,565	490,772	1,834,301	999,159
Accounts receivable	703,367	71,771	110,336	-	2,552	888,026	-
Due from other governments	-	-	21,850	80,826	-	102,676	7,630
Inventory	780,556	7,621	65,775	-	-	853,952	-
Prepaid items	58,555	22,176	19,369	9,337	10,462	119,899	25,872
Total current assets	<u>2,900,622</u>	<u>581,774</u>	<u>1,096,855</u>	<u>160,871</u>	<u>610,706</u>	<u>5,350,828</u>	<u>1,281,616</u>
Noncurrent assets:							
Restricted cash and cash equivalents	642,398	497,967	336,710	-	-	1,477,075	-
Capital assets, net	5,437,749	5,370,340	7,257,490	212,865	344,324	18,622,768	1,201,533
Investment in MSCPA	3,653,659	-	-	-	-	3,653,659	-
Unamortized bond issuance costs	34,144	89,060	149,014	-	-	272,218	-
Total noncurrent assets	<u>9,767,950</u>	<u>5,957,367</u>	<u>7,743,214</u>	<u>212,865</u>	<u>344,324</u>	<u>24,025,720</u>	<u>1,201,533</u>
Total assets	<u>12,668,572</u>	<u>6,539,141</u>	<u>8,840,069</u>	<u>373,736</u>	<u>955,030</u>	<u>29,376,548</u>	<u>2,483,149</u>
Liabilities							
Current liabilities:							
Accounts payable	1,130,141	18,725	96,190	5,882	35,935	1,286,873	49,819
Accrued payroll and compensated absences	160,660	74,730	50,474	32,100	17,117	335,081	3,290
Accrued interest payable	18,452	25,775	50,043	-	-	94,270	1,036
Due to other governments	32,852	7	79	1,528	33	34,499	-
Current portion of:							
Contracts payable	30,000	15,000	-	-	-	45,000	20,000
Bonds payable	75,000	214,027	290,974	-	-	580,001	-
Total current liabilities	<u>1,447,105</u>	<u>348,264</u>	<u>487,760</u>	<u>39,510</u>	<u>53,085</u>	<u>2,375,724</u>	<u>74,145</u>
Noncurrent liabilities:							
Contracts payable	137,000	789,933	202,028	-	-	1,128,961	90,000
Bonds payable	1,041,666	2,734,763	4,202,493	-	-	7,978,922	-
Total noncurrent liabilities	<u>1,178,666</u>	<u>3,524,696</u>	<u>4,404,521</u>	<u>-</u>	<u>-</u>	<u>9,107,883</u>	<u>90,000</u>
Total liabilities	<u>2,625,771</u>	<u>3,872,960</u>	<u>4,892,281</u>	<u>39,510</u>	<u>53,085</u>	<u>11,483,607</u>	<u>164,145</u>
Net assets							
Invested in capital assets, net of related debt	4,154,083	1,616,617	2,561,995	212,865	344,324	8,889,884	1,111,533
Restricted for debt service	642,398	497,967	336,710	-	-	1,477,075	-
Unrestricted	<u>5,246,320</u>	<u>551,597</u>	<u>1,049,083</u>	<u>121,361</u>	<u>557,621</u>	<u>7,525,982</u>	<u>1,207,471</u>
Total net assets	<u>\$ 10,042,801</u>	<u>\$ 2,666,181</u>	<u>\$ 3,947,788</u>	<u>\$ 334,226</u>	<u>\$ 901,945</u>	<u>\$ 17,892,941</u>	<u>\$ 2,319,004</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Reconciliation of Net Assets on the Statement of
Net Assets for Enterprise Funds to Net Assets of
Business-type Activities on the Statement of Net Assets
June 30, 2005

Net assets - total enterprise funds	\$ 17,892,941
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Amounts reported for *business-type activities* in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of certain services to individual governmental and business-type funds. The net revenue (expense) of the internal service funds are allocated to governmental and business-type activities.

Deduct - cumulative portion of internal service funds net operating income attributed to business-type funds	
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<u>30,365</u>

Net assets of business-type activities	<u><u>\$ 17,923,306</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total
Operating revenues						
Property taxes	\$ -	\$ -	\$ -	\$102,569	\$ -	\$ 102,569
Charges for services	11,789,177	1,184,813	1,533,543	39,521	-	14,547,054
Other	21,622	1,868	31,321	-	299,663	354,474
Total operating revenues	11,810,799	1,186,681	1,564,864	142,090	299,663	15,004,097
Operating expenses						
Personal services	1,183,972	379,380	445,679	251,559	141,497	2,402,087
Materials and supplies	80,708	123,896	108,646	26,637	11,253	351,140
Purchased power	8,369,329	95,622	58,796	-	97,016	8,620,763
Contractual	129,920	96,922	65,840	16,797	120,136	429,615
Insurance	173,277	46,089	37,357	3,149	13,665	273,537
Maintenance	5,002	5,531	646	42,953	33,483	87,615
Other expense	169,213	29,300	62,317	19,975	13,550	294,355
Depreciation	547,551	378,091	291,308	70,514	69,273	1,356,737
Total operating expenses	10,658,972	1,154,831	1,070,589	431,584	499,873	13,815,849
Operating income (loss)	1,151,827	31,850	494,275	(289,494)	(200,210)	1,188,248
Nonoperating revenues (expenses)						
Intergovernmental subsidies	-	-	21,850	247,076	322,839	591,765
Investment earnings	33,142	10,862	2,930	3,714	12,303	62,951
Change in investment in MSCPA	637,792	-	-	-	-	637,792
Interest expense	(64,411)	(140,513)	(270,108)	-	-	(475,032)
Total nonoperating revenues (expenses)	606,523	(129,651)	(245,328)	250,790	335,142	817,476
Income (loss) before contributions and transfers	1,758,350	(97,801)	248,947	(38,704)	134,932	2,005,724
Capital contributions	-	30,000	13,800	-	-	43,800
Transfers in	-	-	-	-	-	-
Transfers out	(353,846)	(3,065)	(40,461)	(76,553)	(221,772)	(695,697)
Change in net assets	1,404,504	(70,866)	222,286	(115,257)	(86,840)	1,353,827
Net assets, beginning of year, as restated	8,638,297	2,737,047	3,725,502	449,483	988,785	16,539,114
Net assets, end of year	\$ 10,042,801	\$ 2,666,181	\$ 3,947,788	\$ 334,226	\$ 901,945	\$ 17,892,941

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Reconciliation of the Statement of Revenues, Expenses
and Changes in Fund Net Assets of Enterprise Funds
to the Statement of Activities
For the Year Ended June 30, 2005

Change in net assets - total enterprise funds	\$ 1,353,827
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Amounts reported for *business-type activities* in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain services to individual governmental and business-type funds. The net revenue (expense) of the internal service funds are allocated to governmental and business-type activities.

Add - net operating income from internal service funds related to enterprise funds	30,365
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Change in net assets of business-type activities	\$ 1,384,192
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Cash flows from operating activities							
Receipts from customers and users	\$ 11,827,291	\$ 1,198,166	\$ 1,531,448	\$ (55,004)	\$ 294,695	\$ 14,796,596	\$ -
Receipts from property taxes	-	-	-	102,569	-	102,569	-
Receipts from interfund services	-	-	-	-	-	-	821,305
Payments to suppliers	(8,676,117)	(387,849)	(345,191)	(107,055)	(255,756)	(9,771,968)	(357,261)
Payments to employees	(1,236,287)	(361,924)	(438,693)	(242,937)	(162,378)	(2,442,219)	(50,182)
Payments for interfund services	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>1,914,887</u>	<u>448,393</u>	<u>747,564</u>	<u>(302,427)</u>	<u>(123,439)</u>	<u>2,684,978</u>	<u>413,862</u>
Cash flows from non-capital financing activities							
Transfers in	-	-	-	-	-	-	106,081
Transfers out	(353,846)	(3,065)	(40,461)	(76,553)	(221,772)	(695,697)	-
Intergovernmental subsidies	-	-	21,850	247,076	322,839	591,765	-
Net cash provided by (used in) non-capital financing activities	<u>(353,846)</u>	<u>(3,065)</u>	<u>(18,611)</u>	<u>170,523</u>	<u>101,067</u>	<u>(103,932)</u>	<u>106,081</u>
Cash flows from capital and related financing activities							
Proceeds from issuance of debt	151,754	157,221	580,154	-	-	889,129	-
Payment of debt issuance costs	(5,434)	(5,615)	(21,013)	-	-	(32,062)	-
Principal and interest paid on debt	(352,089)	(503,538)	(545,206)	-	-	(1,400,833)	(18,421)
Purchase of capital assets	(644,318)	(4,330)	(407,881)	-	(5,896)	(1,062,425)	(252,576)
Net cash provided by (used in) capital and related financing activities	<u>(850,087)</u>	<u>(356,262)</u>	<u>(393,946)</u>	<u>-</u>	<u>(5,896)</u>	<u>(1,606,191)</u>	<u>(270,997)</u>
Cash flows from investing activities							
Purchase of investments	(322,345)	(38,736)	(588,476)	120,400	42,692	(786,465)	(186,691)
Interest received on investments	33,142	10,862	2,930	3,714	12,303	62,951	21,518
Net cash used in investing activities	<u>(289,203)</u>	<u>(27,874)</u>	<u>(585,546)</u>	<u>124,114</u>	<u>54,995</u>	<u>(723,514)</u>	<u>(165,173)</u>
Net increase (decrease) in cash and cash equivalents	421,751	61,192	(250,539)	(7,790)	26,727	251,341	83,773
Cash and cash equivalents							
Beginning of year	<u>1,256,149</u>	<u>564,602</u>	<u>863,831</u>	<u>12,933</u>	<u>80,193</u>	<u>2,777,708</u>	<u>165,182</u>
End of year	<u><u>\$ 1,677,900</u></u>	<u><u>\$ 625,794</u></u>	<u><u>\$ 613,292</u></u>	<u><u>\$ 5,143</u></u>	<u><u>\$ 106,920</u></u>	<u><u>\$ 3,029,049</u></u>	<u><u>\$ 248,955</u></u>
Reconciliation to statement of net assets							
Cash and cash equivalents	\$ 1,035,502	\$ 127,827	\$ 276,582	\$ 5,143	\$ 106,920	\$ 1,551,974	\$ 248,955
Restricted cash and cash equivalents	642,398	497,967	336,710	-	-	1,477,075	-
	<u><u>\$ 1,677,900</u></u>	<u><u>\$ 625,794</u></u>	<u><u>\$ 613,292</u></u>	<u><u>\$ 5,143</u></u>	<u><u>\$ 106,920</u></u>	<u><u>\$ 3,029,049</u></u>	<u><u>\$ 248,955</u></u>

Continued...

CITY OF MARSHALL, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ 1,151,827	\$ 31,850	\$ 494,275	\$(289,494)	\$(200,210)	\$ 1,188,248	\$ 109,995
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	547,551	378,091	291,308	70,514	69,273	1,356,737	294,749
Amortization of bond premiums and issuance costs	2,645	6,018	11,793	-	-	20,456	-
Changes in assets and liabilities:							
Accounts receivable	16,492	11,485	(11,566)	-	(4,968)	11,443	-
Due from other governments	-	-	(21,850)	(94,525)	-	(116,375)	(7,630)
Inventories	(95,371)	(2,377)	(2,556)	-	-	(100,304)	-
Prepaid items	911	(1,929)	(2,212)	1,482	(1,153)	(2,901)	(10,061)
Accounts payable	312,241	7,792	(18,693)	974	34,500	336,814	28,972
Accrued payroll and compensated absences	(52,315)	17,456	6,986	8,622	(20,881)	(40,132)	(2,163)
Due to other governments	30,906	7	79	-	-	30,992	-
Net cash provided by (used in) operating activities	<u>\$ 1,914,887</u>	<u>\$ 448,393</u>	<u>\$ 747,564</u>	<u>\$(302,427)</u>	<u>\$(123,439)</u>	<u>\$ 2,684,978</u>	<u>\$ 413,862</u>
Non-Cash Items:							
Change in investment in MSCPA	\$ 637,792	\$ -	\$ -	\$ -	\$ -	\$ 637,792	\$ -
Capital contributions	-	30,000	13,800	-	-	43,800	-

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Cash and cash equivalents	\$ 22,001
Delinquent taxes receivable	<u>55,905</u>
 Total assets	 <u><u>\$ 77,906</u></u>

Liabilities

Undistributed receipts	<u><u>\$ 77,906</u></u>
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The accompanying notes are an integral part of these financial statements.

**COMPONENT UNITS
FINANCIAL STATEMENTS**

CITY OF MARSHALL, MICHIGAN
Combining Statement of Net Assets
Component Units
June 30, 2005

	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total
Assets				
Cash and cash equivalents	\$ 15,740	\$ 75,948	\$ 8,840	\$ 100,528
Investments	198,235	909,601	-	1,107,836
Accounts receivable	3,267	166	-	3,433
Prepaid items	553	9,646	-	10,199
Restricted cash	57,971	15,878	-	73,849
Total assets	275,766	1,011,239	8,840	1,295,845
Liabilities				
Accounts payable	75	895	-	970
Accrued liabilities	2,499	-	-	2,499
Accrued interest payable	7,153	-	-	7,153
Long-term liabilities:				
Due within one year	95,000	-	-	95,000
Due in more than one year	775,000	-	-	775,000
Total liabilities	879,727	895	-	880,622
Net assets				
Restricted for debt service	57,971	15,878	-	73,849
Unrestricted (deficit)	(661,932)	994,466	8,840	341,374
Total net assets (deficit)	\$ (603,961)	\$ 1,010,344	\$ 8,840	\$ 415,223

The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2005

	<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Expenses				
Community development	\$ 260,291	\$ 385,385	\$ 72	\$ 645,748
Program revenues				
Operating grants and contributions	<u>74,451</u>	<u>1,860</u>	<u>-</u>	<u>76,311</u>
Net program expense	<u>185,840</u>	<u>383,525</u>	<u>72</u>	<u>569,437</u>
General revenues				
Property taxes	264,321	378,801	-	643,122
Unrestricted investment earnings	<u>8,420</u>	<u>23,077</u>	<u>97</u>	<u>31,594</u>
Total general revenues	<u>272,741</u>	<u>401,878</u>	<u>97</u>	<u>674,716</u>
Change in net assets	86,901	18,353	25	105,279
Net assets (deficit), beginning of year	<u>(690,862)</u>	<u>991,991</u>	<u>8,815</u>	<u>309,944</u>
Net assets (deficit), end of year	<u><u>\$ (603,961)</u></u>	<u><u>\$ 1,010,344</u></u>	<u><u>\$ 8,840</u></u>	<u><u>\$ 415,223</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Marshall, Michigan (the “City” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

1-A. Reporting Entity

The City of Marshall, Michigan is a municipal corporation formed in 1830 and governed by a seven-member council and administered by an appointed city manager. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The blended and discretely presented component units each have a June 30 year-end.

<u>Component Unit</u>	<u>Included in the Reporting Entity Because</u>
<i>Blended -</i>	
Building Authority; finances and constructs the City’s public buildings and other structures	Provides services exclusively to the City
<i>Discretely Presented:</i>	
Downtown Development Authority (DDA); corrects and prevents deterioration in the downtown district, encourages historical preservation and promotes economic growth within the district	City Council appoints and may remove DDA board, and approves DDA budget
Local Development Finance Authority (LDFA); enhances and expands industrial development to eliminate the conditions of joblessness and underemployment	City Council appoints and may remove LDFA Board, and approves LDFA budget
Economic Development Corporation (EDC); promote economic development in the community	City Council appoints and may remove EDC Board, and approves EDC budget

Separate financial statements are not prepared for the discretely presented component units; accordingly, fund financial statements for these entities are presented herein as supplementary information.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

1-B. Basis of Presentation

Government-wide Financial Statements. The statements of net assets and activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the City's *governmental* and *business-type activities*. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *major street fund* accounts for the maintenance of all major streets and trunklines; revenues are derived primarily from Public Act 51 gas and weight tax monies shared by the State of Michigan.

The *local street fund* accounts for the maintenance of all local streets; revenues are derived primarily from Public Act 51 gas and weight tax monies shared by the State of Michigan.

The City reports the following major enterprise funds:

The *electric fund* accounts for the operation and maintenance of the electric supply system; financing is provided primarily by user charges.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

The *wastewater fund* accounts for the activities of the government's sewage disposal and treatment system.

The *water fund* accounts for the activities of the government's water distribution and treatment system.

The *Dial-A-Ride transportation (DART) fund* accounts for the operation and maintenance of a local public transportation system.

The *Marshall House fund* accounts for the activities of a lower-income senior citizen housing facility.

Additionally, the City reports the following fund types:

Special revenue funds. These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

Debt service funds. These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital projects funds. These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Permanent fund. This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Internal service funds. These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes machinery, equipment and building space management services; liability, auto, and workers' compensation self-insurance; information technology services; and printing, mailing and reproduction services.

Agency funds. These funds account for assets held for other governments in an agency capacity.

1-C. Measurement Focus / Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end or one year for expenditure-driven grants. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues, subject to satisfying any grant program matching provisions.

All governmental and business-type activities and enterprise funds of the City follow private-sector standards of accounting and financial reported issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

1-D. Assets, Liabilities and Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are reported at fair value.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables* (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Inventories, Prepaid Items and Other Assets

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

The City's equity interest in the Michigan South Central Power Agency, along with unamortized bond issuance costs, are recorded as other assets

Restricted Cash and Cash Equivalents

Certain proceeds of bond issues as well as other resources set aside for the repayment of debt are classified as restricted cash and cash equivalents on the statement of net assets because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Infrastructure acquired or constructed since 1980 has been recorded in the governmental activities of the accompanying statement of net assets.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	5-50
Buildings and building improvements	5-50
Public domain infrastructure	50
Systems infrastructure	25-50
Machinery and equipment	3-15

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, subject to certain limitations. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is the functional level.

On or before its first meeting in April of each year, the City Manager must present the proposed budget to the government's council for review. The proposed budget must be on file and available for public inspection for a period of not less than one week prior to adoption by City Council, which must occur not later than the first meeting in June.

Formal budgetary integration is employed as a management control during the year. Supplemental appropriations were approved by the City Council in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds or notes, the total of which was not significant in relation to the original budget appropriation valuations.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

2-B. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a function level basis, although budget and actual information in the fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended June 30, 2005, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control in the following funds:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General fund			
Public safety	\$2,096,886	\$ 2,151,503	\$ (54,617)
Culture and recreation	80,990	81,987	(997)
Debt service	106,521	137,700	(31,179)
Major street fund			
Debt service	166,683	182,132	(15,449)
Capital outlay	22,303	42,653	(20,350)
Local street fund			
Highways and streets	124,848	131,652	(6,804)
Nonmajor special revenue funds			
Composting fund -			
General government	43,905	47,249	(3,344)
Drug law enforcement fund -			
General government	-	36	(36)
Recreation fund -			
Capital outlay	-	5,100	(5,100)
Special projects fund			
General government	-	318,328	(318,328)

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

NOTE 3 – DETAILED NOTES ON ACCOUNT BALANCES

3-A. Deposits and Investments

Following is a reconciliation of deposit and investment balances as of June 30, 2005:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 2,213,786	\$ 100,528	\$ 2,314,314
Investments	5,626,811	1,107,836	6,734,647
Restricted cash and cash equivalents	1,477,075	73,849	1,550,924
Statement of Fiduciary Net Assets:			
Pooled cash and investments	<u>22,001</u>	<u>-</u>	<u>22,001</u>
Total	<u>\$ 9,339,673</u>	<u>\$ 1,282,213</u>	<u>\$ 10,621,886</u>
Deposits and Investments:			
Bank deposits (checking, savings and certificates of deposit)			\$ 3,002,441
Investments (securities, commercial paper and money market accounts)			7,618,531
Cash on hand			<u>914</u>
Total			<u>\$ 10,621,886</u>

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2005, \$2,034,203 of the City's total bank balance of \$3,145,244 (total book balance was \$3,002,441) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the City's investments as of June 30, 2005:

U.S. treasuries	\$ 546,201
U.S. agencies	2,384,171
Commercial paper	1,043,388
Money market accounts	<u>3,644,771</u>
Total	<u>\$ 7,618,531</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2005, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk. As of June 30, 2005, all of the City's investments in securities of U.S. agencies were rated AAA by Standard & Poor's. Of its investments in commercial paper, \$837,335 was rated A1 and \$206,053 was rated A2 by Standard & Poor's. The City also held investments in U.S. treasuries and money market mutual funds, which are not rated. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk. At June 30, 2005, the investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>	<u>Amount</u>
U.S. agencies	Federal Home Loan Bank	18.0%	\$ 1,369,471
	Federal National Mortgage Association	10.4%	795,700
Commercial paper	General Electric Capital Corporation	6.6%	502,088

The City's investment policy provides that, except for U.S. treasuries and authorized investment pools, no more than 50 percent of the total investment portfolio may be invested in a single security type or with a single financial institution. The City's investments comply with this policy.

Interest Rate Risk. As of June 30, 2005, maturities of the City's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
U.S. treasuries	\$ 546,201	\$ 546,201	\$ -
U.S. agencies:			
Callable	595,407	-	595,407
Non-callable	1,788,764	1,788,764	-
Commercial paper	1,043,388	1,043,388	-
Total debt securities	\$ 3,973,760	\$ 3,378,353	\$ 595,407

The City assumes that its callable investments will not be called.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

It is the City's policy that, unless matched to a specific cash flow, the government will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City's investments comply with this policy.

3-B. Receivables

Receivables in the governmental activities are 89.3 percent accounts receivables and 10.7 percent due from other governments. Business-type activities receivables are 89.6 percent accounts receivable and 10.4 percent due from other governments.

The governmental activities accounts receivable includes \$55,000 due from the local ambulance service for its share of the purchase price of emergency vehicles. Accordingly, this is considered a non-current receivable.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Deferred revenue reported by the government's special revenue funds	<u>\$ -</u>	<u>\$ 14,239</u>	<u>\$ 14,239</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

3-C. Investment in the Michigan South Central Power Agency

The Michigan South Central Power Agency (MSCPA or the “Agency”) was organized in 1978 under the authority of Public Act 448 of 1976 to supply electricity to member municipalities in south central Michigan. The Act provides that the MSCPA establish rates and charges to produce revenues sufficient to cover its costs, but may not operate for profit, except for the public benefit. The MSCPA is governed by a board of commissioners, comprised of one representative from each member municipality and the MSCPA general manager. Member municipalities and their respective shares of ownership are as follows:

	<u>% of Ownership</u>
City of Coldwater	40.0%
City of Hillsdale	25.5%
City of Marshall	24.0%
Village of Clinton	6.5%
Village of Union City	4.0%
	<u>100.0%</u>

The City has entered into a contract with the MSCPA that requires the City to purchase all of its bulk power supply from the Agency and to pay its share of the Agency’s operating and debt service costs. The City has also entered into an agreement for services to be provided by the Agency with respect to substation facilities, which requires the City to sell to the Agency power generated by the City’s facilities.

The City accounts for its investment in the MSCPA as a joint venture in accordance with GASB Statement No. 14. Information presented below is taken from financial statements of the MSCPA for the year ended June 30, 2005, which was audited by other auditors whose report dated August 12, 2005, expressed an unqualified opinion on those financial statements.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Summary information of the City's equity interest in the MSCPA as of June 30, 2005, is as follows:

	<u>MSCPA</u>	<u>City of Marshall Portion - 24.0%</u>
Assets		
Current assets	\$ 18,590,378	\$ 4,461,690
Non-current assets	26,192,370	6,286,169
Capital assets, net	<u>37,047,414</u>	<u>8,891,379</u>
	<u>81,830,162</u>	<u>19,639,238</u>
Liabilities		
Current liabilities	12,705,271	3,049,265
Long-term debt	<u>53,901,310</u>	<u>12,936,314</u>
	<u>66,606,581</u>	<u>15,985,579</u>
Net assets	<u>\$ 15,223,581</u>	<u>\$ 3,653,659</u>
Revenues	\$ 38,634,773	\$ 9,272,346
Expenses	<u>30,968,241</u>	<u>7,432,378</u>
Operating income	7,666,532	1,839,968
Non-operating expenses	<u>5,009,063</u>	<u>1,202,176</u>
Change in net assets	2,657,469	637,792
Net assets:		-
Beginning of year	<u>12,566,112</u>	<u>3,015,867</u>
End of year	<u>\$ 15,223,581</u>	<u>\$ 3,653,659</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

3-D. Capital Assets

Capital assets activity for the year ended June 30, 2005, was as follows:

Primary government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated -				
Land	\$ 2,232,662	\$ -	\$ -	\$ 2,232,662
Capital assets, being depreciated:				
Land improvements	5,273,557	168,140	-	5,441,697
Buildings	8,640,568	95,313	-	8,735,881
Vehicles	1,946,494	172,889	(33,168)	2,086,215
Equipment	1,516,158	40,858	(103,003)	1,454,013
Infrastructure	7,597,011	127,354	-	7,724,365
Total capital assets being depreciated	<u>24,973,788</u>	<u>604,554</u>	<u>(136,171)</u>	<u>25,442,171</u>
Less accumulated depreciation for:				
Land improvements	(1,266,245)	(266,526)	-	(1,532,771)
Buildings	(4,242,680)	(200,204)	-	(4,442,884)
Vehicles	(836,281)	(260,132)	25,031	(1,071,382)
Equipment	(1,316,870)	(66,584)	103,003	(1,280,451)
Infrastructure	(1,504,425)	(154,489)	-	(1,658,914)
Total accumulated depreciation	<u>(9,166,501)</u>	<u>(947,935)</u>	<u>128,034</u>	<u>(9,986,402)</u>
Total capital assets, being depreciated, net	<u>15,807,287</u>	<u>(343,381)</u>	<u>(8,137)</u>	<u>15,455,769</u>
Governmental activities capital assets, net	<u>\$ 18,039,949</u>	<u>\$ (343,381)</u>	<u>\$ (8,137)</u>	<u>\$ 17,688,431</u>
Business-type activities				
Capital assets, not being depreciated -				
Land	\$ 123,949	\$ 40,669	\$ -	\$ 164,618
Construction in process	176,419	343,211	(115,692)	403,938
Total capital assets not being depreciated	<u>300,368</u>	<u>383,880</u>	<u>(115,692)</u>	<u>568,556</u>
Capital assets, being depreciated:				
Buildings	8,164,297	115,166	-	8,279,463
Vehicles	930,416	-	-	930,416
Equipment	841,241	71,260	-	912,501
Systems	25,629,230	651,789	(3,327)	26,277,692
Total capital assets being depreciated	<u>35,565,184</u>	<u>838,215</u>	<u>(3,327)</u>	<u>36,400,072</u>
Less accumulated depreciation for:				
Buildings	(6,760,344)	(581,813)	-	(7,342,157)
Vehicles	(362,380)	(59,273)	-	(421,653)
Equipment	(322,140)	(56,783)	-	(378,923)
Systems	(9,547,586)	(658,868)	3,327	(10,203,127)
Total accumulated depreciation	<u>(16,992,450)</u>	<u>(1,356,737)</u>	<u>3,327</u>	<u>(18,345,860)</u>
Total capital assets, being depreciated, net	<u>18,572,734</u>	<u>(518,522)</u>	<u>-</u>	<u>18,054,212</u>
Business-type activities capital assets, net	<u>\$ 18,873,102</u>	<u>\$ (134,642)</u>	<u>\$ (115,692)</u>	<u>\$ 18,622,768</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 90,596
Public safety	37,760
Public works, including depreciation of general infrastructure assets	377,802
Parks and recreation	126,493
Community development	20,535
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>294,749</u>

Total depreciation expense - governmental activities **\$ 947,935**

Business-type activities:

Electric	\$ 547,551
Wastewater	378,091
Water	291,308
Public transit	70,514
Marshall House	<u>69,273</u>

Total depreciation expense - business-type activities **\$ 1,356,737**

3-E. Payables

Payables in the governmental activities are 45.7 percent vendors and 54.3 percent accrued payroll. Business-type activities are 77.7 percent vendors, 20.2 percent accrued payroll and compensated absences and 2.1 percent due to other governments.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

3-F. Interfund Transfers

For the year ended June 30, 2005, interfund transfers consisted of the following:

<u>Transfer out:</u>	<u>Transfer in:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Local Street Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Funds</u>	
General fund	\$ -	\$ -	\$ 72,915	\$ 28,355	\$ 101,270
Major street fund	-	64,000	-	-	64,000
Nonmajor governmental funds	-	-	-	7	7
Electric fund	148,208	-	204,866	772	353,846
Wastewater fund	2,924	-	-	141	3,065
Water fund	14,607	-	25,608	246	40,461
DART fund	-	-	-	76,553	76,553
Marshall House fund	-	-	221,765	7	221,772
	<u>\$ 165,739</u>	<u>\$ 64,000</u>	<u>\$ 525,154</u>	<u>\$ 106,081</u>	<u>\$ 860,974</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

3-G. Long-term Debt

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. During the year, \$4,275,000 of new and refunding general obligation bonds were issued.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities		
1999 transportation fund bonds	4.05% - 4.60%	\$ 670,000
1997 building authority refunding	4.60% - 4.80%	800,000
2000 building authority	5.40%	600,000
2005 building authority refunding	3.00% - 4.25%	2,600,000
2004 improvements	3.00% - 4.40%	175,000
2004 street improvements refunding	3.00% - 3.38%	<u>485,000</u>
		<u>\$ 5,330,000</u>
Business-type activities		
1996 water supply	5.10% - 5.75%	\$ 1,140,000
1997 water supply	4.70% - 5.75%	2,595,000
2004 improvements	3.00% - 4.70%	675,000
2004 refunding	3.00% - 3.75%	<u>140,000</u>
		<u>\$ 4,550,000</u>
Discretely presented component unit		
1992 downtown development refunding	5.60% - 5.65%	\$ 170,000
2002 downtown development	4.20% - 5.10%	<u>700,000</u>
		<u>\$ 870,000</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental		Business-type		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 475,000	\$ 330,876	\$ 295,000	\$ 232,076	\$ 95,000	\$ 42,918
2007	465,000	328,004	300,000	219,270	110,000	37,808
2008	485,000	308,033	305,000	206,146	20,000	31,883
2009	480,000	287,157	325,000	192,416	25,000	31,043
2010	285,000	267,882	310,000	177,210	25,000	29,993
2011-2015	1,475,000	507,074	1,690,000	641,889	175,000	130,605
2016-2020	1,665,000	231,438	1,170,000	190,506	275,000	80,700
2021-2024	-	-	155,000	19,505	145,000	11,220
	<u>\$ 5,330,000</u>	<u>\$ 2,260,464</u>	<u>\$ 4,550,000</u>	<u>\$ 1,879,018</u>	<u>\$ 870,000</u>	<u>\$ 396,170</u>

Revenue bonds. The City also issue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. During the year, no new revenue bonds were issued. Revenue bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Business-type activities		
1989 wastewater	2.00%	\$ 680,000
1999 electric	4.25% - 5.20%	995,000
1999 water and wastewater	5.13% - 5.20%	2,165,001
1993 water	5.15% - 5.30%	165,000
		<u>\$ 4,005,001</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Business-type	
	Principal	Interest
2006	\$ 285,001	\$ 179,422
2007	295,001	169,284
2008	300,001	158,677
2009	245,001	147,614
2010	250,001	139,502
2011-2015	1,140,002	540,636
2016-2020	1,489,994	198,305
	<u>\$ 4,005,001</u>	<u>\$ 1,533,440</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Installment Obligations. The government has entered into various long-term installment payment agreements. No new installment obligations were entered into during the current year. Installment obligations outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities		
1996 public improvement (Stanton)	9.00%	\$ 116,555
1999 emergency rescue	5.65%	110,000
2002 land contract (Quigley)	5.43%	534,849
2004 ambulance	3.29%	<u>50,433</u>
		<u>\$ 811,837</u>
Business-type activities		
1996 public improvement (Stanton)	9.00%	\$ 271,960
1996 sewer rodding truck	5.10%	15,000
2000 fuel tanks	5.25%	167,000
2002 public improvement (State Farm)	0.00%	<u>720,000</u>
		<u>\$1,173,960</u>

The annual principal maturities for the amounts payable on the 1996 public improvements (Stanton) are determined each year based on the following formula: taxable value of certain properties times the City operating millage rate (less 4 mills for public safety and township) less interest calculated on the outstanding principal balance. Any unpaid principal as of December 31, 2010 will be forgiven by the terms of the agreement.

Repayment of the 2002 public improvements (State Farm) is contingent upon the company constructing a new building in the City. While this agreement matures October 1, 2015, repayment is unlikely since the company has closed its existing offices in the City and consolidated its operations in another location.

Annual debt service requirements to maturity for installment obligations, except as noted above, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental</u>		<u>Business-type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 95,412	\$ 36,265	\$ 45,000	\$ 9,151
2007	99,283	31,264	32,000	7,193
2008	103,358	26,059	33,000	5,513
2009	112,646	20,501	35,000	3,780
2010	111,083	14,575	37,000	1,943
2011-2012	<u>173,500</u>	<u>14,256</u>	<u>-</u>	<u>-</u>
	695,282	142,920	182,000	27,580
Stanton	116,555	-	271,960	-
State Farm	-	-	720,000	-
	<u>\$ 811,837</u>	<u>\$ 142,920</u>	<u>\$ 1,173,960</u>	<u>\$ 27,580</u>

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

Advance refundings. During the year, the City issued \$2,600,000 of building authority refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,355,000 bonds. As a result, the refunding bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$166,352. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$96,523 and resulted in an economic gain of \$75,006.

Also during the year, the City issued \$755,000 of general obligation limited tax refunding bonds (as part of a total issuance of \$1,675,000) to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$710,000 bonds. As a result, the refunding bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$17,874. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next five years by \$16,182 and resulted in an economic gain of \$17,155.

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 5,265,000	\$ 3,390,000	\$ (3,325,000)	\$ 5,330,000	\$ 475,000
Installment contracts	894,273	-	(82,436)	811,837	95,412
Compensated absences	277,658	100,745	(97,957)	280,446	98,156
Add (deduct) deferred amounts:					
For issuance premiums	-	8,052	(403)	7,649	-
On refunding	-	(184,225)	1,818	(182,407)	-
	\$ 6,436,931	\$ 3,314,572	\$ (3,503,978)	\$ 6,247,525	\$ 668,568
Business-type activities					
General obligation bonds	\$ 3,945,000	\$ 885,000	\$ (280,000)	\$ 4,550,000	\$ 295,000
Revenue bonds	4,470,000	-	(464,999)	4,005,001	285,001
Installment contracts	1,364,521	-	(190,561)	1,173,960	45,000
Add deferred amounts -					
For issuance premiums	-	4,129	(206)	3,923	-
	\$ 9,779,521	\$ 889,129	\$ (935,766)	\$ 9,732,884	\$ 625,001
Component Unit - DDA					
Revenue bonds	\$ 965,000	\$ -	\$ (95,000)	\$ 870,000	\$ 95,000

For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

3-H. Segment Information – Enterprise Funds

The government issued revenue bonds to finance certain improvements to its electric, water and wastewater system. Because the Electric, Water and Wastewater Funds are segments and are reported as a major funds in the fund financial statements, segment disclosures herein are not required.

NOTE 4 – OTHER INFORMATION

4-A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2005, the government carried insurance through various commercial carriers, including the Michigan Municipal League, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

4-B. Property Taxes

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through August 31; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Calhoun County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City for the 2004 levy, including industrial facilities, was \$241,508,988. The government's general operating tax rate for fiscal 2004-05 was 15.4629 mills with an additional 0.8165 mills for recreation and 0.4840 for public transportation.

Property taxes for the DDA and LDFA are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the DDA and LDFA receive the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district.

Property taxes are recognized in the fiscal year in which they are levied.

4-C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

4-D. Postemployment Benefits

The City provides health care benefits, including prescriptions, to eligible retirees and their dependents upon retirement. Employees who retired on or before March 31, 2003 are not required to contribute to the cost of these benefits; employees retiring after that date are required to contribute five percent of the cost of the health care insurance premium.

Expenditures for postemployment health care benefits are recorded on a pay-as-you-go basis. During the year, 62 retirees were eligible, resulting in expenditures of \$387,224.

4-E. Defined Benefit Pension Plan

The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

The City was not required to contribute any amounts for the year ended June 30, 2005. City employees are required to contribute 5.82% to 10.39% of their annual covered payroll, depending on the applicable bargaining unit. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the City.

For the year ended June 30, 2005, (and for the three previous fiscal years), the City's was not required to make any contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit.

CITY OF MARSHALL, MICHIGAN

Notes To Financial Statements

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

<u>Annual Years Ended June 30,</u>	<u>Pension Cost (APC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ -	N/A	\$ -
2004	-	N/A	-
2005	-	N/A	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) Entry Age</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>Funded Ratio Total</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a Percentage of Covered Payroll</u>
12/31/02	\$19,720,188	\$16,573,087	\$(3,147,101)	119%	\$3,973,746	(79)%
12/31/03	20,517,832	19,935,535	(582,297)	103%	3,839,753	(15)%
12/31/04	21,006,550	21,189,467	182,917	99%	4,102,546	4%

4-F. Restatements

The beginning net assets of the governmental activities was increased by \$6,295,033 to recognize the net beginning balance of infrastructure capital assets (\$6,092,586) and the removal of the discretely presented component units (\$202,447) that had previously been reported as blended components and included as nonmajor governmental funds.

Also, the beginning net assets of the business-type activities and electric enterprise fund were increased by \$961,902 to properly record the City's prior year equity interest in the Michigan South Central Power Agency.

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**COMBINING and INDIVIDUAL FUND FINANCIAL
STATEMENTS and SCHEDULES**

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Cemetery</u>	<u>Totals</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 39,558	\$ 1,362	\$ 15,621	\$ 107,330	\$ 163,871
Investments	458,731	-	184,241	428,209	1,071,181
Accounts receivable	186,165	13,694	-	-	199,859
Due from other governments	-	-	-	613	613
Prepaid items	15,880	-	-	-	15,880
<u>TOTAL ASSETS</u>	<u>\$ 700,334</u>	<u>\$ 15,056</u>	<u>\$ 199,862</u>	<u>\$ 536,152</u>	<u>\$ 1,451,404</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 67,653	\$ -	\$ -	\$ -	\$ 67,653
Accrued liabilities	16,914	-	-	-	16,914
Due to other governments	60	-	-	-	60
Deferred revenue	14,239	-	-	-	14,239
Total liabilities	98,866	-	-	-	98,866
Fund balances					
Reserved for prepaid items	15,880	-	-	-	15,880
Unreserved:					
Designated for other purposes	3,550	-	-	-	3,550
Designated for subsequent year expenditures	29,748	-	-	-	29,748
Undesignated	552,290	15,056	199,862	536,152	1,303,360
Total fund balances	601,468	15,056	199,862	536,152	1,352,538
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 700,334</u>	<u>\$ 15,056</u>	<u>\$ 199,862</u>	<u>\$ 536,152</u>	<u>\$ 1,451,404</u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Cemetery</u>	<u>Totals</u>
Revenues					
Property taxes	\$ 173,010	\$ -	\$ -	\$ -	\$ 173,010
Intergovernmental	249,246	-	-	-	249,246
Charges for services	181,123	-	-	12,861	193,984
Fines and forfeitures	23,176	-	-	-	23,176
Investment earnings	12,952	104	4,525	-	17,581
Other	99,966	-	-	11,013	110,979
	<u>739,473</u>	<u>104</u>	<u>4,525</u>	<u>23,874</u>	<u>767,976</u>
Total revenues					
	<u>739,473</u>	<u>104</u>	<u>4,525</u>	<u>23,874</u>	<u>767,976</u>
Expenditures					
Current expenditures:					
General government	399,727	-	-	3	399,730
Parks and recreation	377,053	-	-	-	377,053
Debt service:					
Principal	-	270,000	-	-	270,000
Interest and fiscal charges	-	198,904	-	-	198,904
Bond issuance costs	-	78,648	-	-	78,648
Capital outlay	5,100	-	127	-	5,227
	<u>781,880</u>	<u>547,552</u>	<u>127</u>	<u>3</u>	<u>1,329,562</u>
Total expenditures					
	<u>781,880</u>	<u>547,552</u>	<u>127</u>	<u>3</u>	<u>1,329,562</u>
Revenues over (under) expenditures	<u>(42,407)</u>	<u>(547,448)</u>	<u>4,398</u>	<u>23,871</u>	<u>(561,586)</u>
Other financing sources (uses)					
Transfers in	47,307	477,847	-	-	525,154
Transfers out	(7)	-	-	-	(7)
Long-term debt issued	-	2,600,000	-	-	2,600,000
Payment to refunding escrow agent	-	(2,521,352)	-	-	(2,521,352)
	<u>47,300</u>	<u>556,495</u>	<u>-</u>	<u>-</u>	<u>603,795</u>
Total other financing sources (uses)					
	<u>47,300</u>	<u>556,495</u>	<u>-</u>	<u>-</u>	<u>603,795</u>
Net change in fund balances	4,893	9,047	4,398	23,871	42,209
Fund balances, beginning of year	596,575	6,009	195,464	512,281	1,310,329
Fund balances, end of year	<u>\$ 601,468</u>	<u>\$ 15,056</u>	<u>\$ 199,862</u>	<u>\$ 536,152</u>	<u>\$ 1,352,538</u>

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2005

	<u>Composting</u>	<u>Parking System</u>	<u>Drug Law Enforcement</u>	<u>Recreation</u>	<u>Special Projects</u>	<u>Total</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 17,505	\$ 801	\$ 4,847	\$ 2,005	\$ 14,400	\$ 39,558
Investments	-	7	-	195,242	263,482	458,731
Accounts receivable	-	-	-	7	186,158	186,165
Prepaid items	335	653	-	14,795	97	15,880
	<u>335</u>	<u>653</u>	<u>-</u>	<u>14,795</u>	<u>97</u>	<u>15,880</u>
<u>TOTAL ASSETS</u>	<u>\$ 17,840</u>	<u>\$ 1,461</u>	<u>\$ 4,847</u>	<u>\$ 212,049</u>	<u>\$464,137</u>	<u>\$700,334</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 1,535	\$ -	\$ -	\$ 8,589	\$ 57,529	\$ 67,653
Accrued liabilities	513	855	-	15,546	-	16,914
Due to other governments	-	-	-	60	-	60
Deferred revenue	-	-	-	14,239	-	14,239
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,239</u>	<u>-</u>	<u>14,239</u>
Total liabilities	<u>2,048</u>	<u>855</u>	<u>-</u>	<u>38,434</u>	<u>57,529</u>	<u>98,866</u>
Fund balances						
Reserved for prepaid items	335	653	-	14,795	97	15,880
Unreserved:						
Designated for other purposes	-	-	-	3,550	-	3,550
Designated for subsequent year expenditures	12,095	-	-	17,653	-	29,748
Undesignated (deficit)	3,362	(47)	4,847	137,617	406,511	552,290
	<u>3,362</u>	<u>(47)</u>	<u>4,847</u>	<u>137,617</u>	<u>406,511</u>	<u>552,290</u>
Total fund balances	<u>15,792</u>	<u>606</u>	<u>4,847</u>	<u>173,615</u>	<u>406,608</u>	<u>601,468</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 17,840</u>	<u>\$ 1,461</u>	<u>\$ 4,847</u>	<u>\$ 212,049</u>	<u>\$464,137</u>	<u>\$700,334</u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005

	<u>Composting</u>	<u>Parking System</u>	<u>Drug Law Enforcement</u>	<u>Recreation</u>	<u>Special Projects</u>	<u>Total</u>
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 173,010	\$ -	\$ 173,010
Intergovernmental	14,200	8,545	-	4,500	222,001	249,246
Charges for services	6,306	-	-	174,817	-	181,123
Fines and forfeitures	-	22,926	250	-	-	23,176
Investment earnings	245	8	51	4,654	7,994	12,952
Other	-	-	-	2,654	97,312	99,966
Total revenues	<u>20,751</u>	<u>31,479</u>	<u>301</u>	<u>359,635</u>	<u>327,307</u>	<u>739,473</u>
Expenditures						
Current expenditures:						
General government	47,249	34,114	36	-	318,328	399,727
Parks and recreation	-	-	-	377,053	-	377,053
Capital outlay	-	-	-	5,100	-	5,100
Total expenditures	<u>47,249</u>	<u>34,114</u>	<u>36</u>	<u>382,153</u>	<u>318,328</u>	<u>781,880</u>
Revenues over (under) expenditures	<u>(26,498)</u>	<u>(2,635)</u>	<u>265</u>	<u>(22,518)</u>	<u>8,979</u>	<u>(42,407)</u>
Other financing sources (uses)						
Transfers in	14,200	2,600	-	30,507	-	47,307
Transfers out	-	-	-	(7)	-	(7)
Total other financing sources (uses)	<u>14,200</u>	<u>2,600</u>	<u>-</u>	<u>30,500</u>	<u>-</u>	<u>47,300</u>
Net change in fund balances	(12,298)	(35)	265	7,982	8,979	4,893
Fund balances, beginning of year	<u>28,090</u>	<u>641</u>	<u>4,582</u>	<u>165,633</u>	<u>397,629</u>	<u>596,575</u>
Fund balances, end of year	<u>\$ 15,792</u>	<u>\$ 606</u>	<u>\$ 4,847</u>	<u>\$ 173,615</u>	<u>\$ 406,608</u>	<u>\$ 601,468</u>

CITY OF MARSHALL, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005

	Composting Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	14,200	14,200	-
Charges for services	1,450	6,306	4,856
Fines and forfeitures	-	-	-
Investment earnings	50	245	195
Other	-	-	-
Total revenues	<u>15,700</u>	<u>20,751</u>	<u>5,051</u>
Expenditures			
Current expenditures:			
General government	43,905	47,249	3,344
Parks and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>43,905</u>	<u>47,249</u>	<u>3,344</u>
Revenues over (under) expenditures	<u>(28,205)</u>	<u>(26,498)</u>	<u>1,707</u>
Other financing sources (uses)			
Transfers in	14,200	14,200	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>14,200</u>	<u>14,200</u>	<u>-</u>
Net change in fund balances	(14,005)	(12,298)	1,707
Fund balances, beginning of year	<u>28,090</u>	<u>28,090</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 14,085</u></u>	<u><u>\$ 15,792</u></u>	<u><u>\$ 1,707</u></u>

Parking System Fund			Drug Law Enforcement Fund		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,545	8,545	-	-	-	-
-	-	-	-	-	-
21,028	22,926	1,898	-	250	250
-	8	8	-	51	51
-	-	-	-	-	-
29,573	31,479	1,906	-	301	301
36,873	34,114	(2,759)	-	36	36
-	-	-	-	-	-
-	-	-	-	-	-
36,873	34,114	(2,759)	-	36	36
(7,300)	(2,635)	4,665	-	265	265
7,300	2,600	(4,700)	-	-	-
-	-	-	-	-	-
7,300	2,600	(4,700)	-	-	-
-	(35)	(35)	-	265	265
641	641	-	4,582	4,582	-
\$ 641	\$ 606	\$ (35)	\$ 4,582	\$ 4,847	\$ 265

Continued...

CITY OF MARSHALL, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Concluded)
For the Year Ended June 30, 2005

	Recreation Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 173,400	\$ 173,010	\$ (390)
Intergovernmental	-	4,500	4,500
Charges for services	164,354	174,817	10,463
Fines and forfeitures	-	-	-
Investment earnings	1,600	4,654	3,054
Other	-	2,654	2,654
Total revenues	<u>339,354</u>	<u>359,635</u>	<u>20,281</u>
Expenditures			
Current expenditures:			
General government	-	-	-
Parks and recreation	406,666	377,053	(29,613)
Capital outlay	-	5,100	5,100
Total expenditures	<u>406,666</u>	<u>382,153</u>	<u>(24,513)</u>
Revenues over (under) expenditures	<u>(67,312)</u>	<u>(22,518)</u>	<u>44,794</u>
Other financing sources (uses)			
Transfers in	60,000	30,507	(29,493)
Transfers out	(41)	(7)	34
Total other financing sources (uses)	<u>59,959</u>	<u>30,500</u>	<u>(29,459)</u>
Net change in fund balances	(7,353)	7,982	15,335
Fund balances, beginning of year	<u>165,633</u>	<u>165,633</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 158,280</u></u>	<u><u>\$ 173,615</u></u>	<u><u>\$ 15,335</u></u>

Special Projects Fund		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	222,001	222,001
-	-	-
-	-	-
-	7,994	7,994
-	97,312	97,312
-	327,307	327,307
-	318,328	318,328
-	-	-
-	-	-
-	318,328	318,328
-	8,979	8,979
-	-	-
-	-	-
-	-	-
-	8,979	8,979
397,629	397,629	-
\$ 397,629	\$ 406,608	\$ 8,979

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2005

	Building Authority	1999 Motor Vehicle Highway	1986 Motor Vehicle Highway	Total
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ (4,750)	\$ 5,967	\$ 145	\$ 1,362
Accounts receivable	13,694	-	-	13,694
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,944</u>	<u>\$ 5,967</u>	<u>\$ 145</u>	<u>\$ 15,056</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Fund balances				
Unreserved, undesignated	<u>\$ 8,944</u>	<u>\$ 5,967</u>	<u>\$ 145</u>	<u>\$ 15,056</u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Debt Service Funds
For the Year Ended June 30, 2005

	<u>Building Authority</u>	<u>1999 Motor Vehicle Highway</u>	<u>1986 Motor Vehicle Highway</u>	<u>Total</u>
Revenues				
Investment earnings	\$ 1	\$ 100	\$ 3	\$ 104
Expenditures				
Debt service:				
Principal retirement	270,000	-	-	270,000
Interest and fiscal charges	198,904	-	-	198,904
Bond issuance costs	78,648	-	-	78,648
Total expenditures	547,552	-	-	547,552
Revenues over (under) expenditures	(547,551)	100	3	(547,448)
Other financing sources (uses)				
Transfers in	477,847	-	-	477,847
Long-term debt issued	2,600,000	-	-	2,600,000
Payment to refunding escrow agent	(2,521,352)	-	-	(2,521,352)
Total other source (uses)	556,495	-	-	556,495
Net change in fund balances	8,944	100	3	9,047
Fund balances, beginning of year	-	5,867	142	6,009
Fund balances, end of year	<u>\$ 8,944</u>	<u>\$ 5,967</u>	<u>\$ 145</u>	<u>\$ 15,056</u>

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2005

	<u>MVH Major Streets</u>	<u>MVH Local Streets</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 7,362	\$ 8,259	\$ 15,621
Investments	<u>-</u>	<u>184,241</u>	<u>184,241</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 7,362</u></u>	<u><u>\$ 192,500</u></u>	<u><u>\$ 199,862</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Fund balances			
Unreserved, undesignated	<u>7,362</u>	<u>192,500</u>	<u>199,862</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u><u>\$ 7,362</u></u>	<u><u>\$ 192,500</u></u>	<u><u>\$ 199,862</u></u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenue, Expenditures and
Changes in Fund Balance - Nonmajor Capital Projects Funds
For the Year Ended June 30, 2005

	MVH Major Streets	MVH Local Streets	Total
Revenue			
Investment earnings	\$ 81	\$ 4,444	\$ 4,525
Expenditures			
Capital outlay	<u>60</u>	<u>67</u>	<u>127</u>
Net change in fund balances	21	4,377	4,398
Fund balances, beginning of year	<u>7,341</u>	<u>188,123</u>	<u>195,464</u>
Fund balances, end of year	<u><u>\$ 7,362</u></u>	<u><u>\$ 192,500</u></u>	<u><u>\$ 199,862</u></u>

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Operating Expenses
Electric, Wastewater and Water Enterprise Funds
For the Year Ended June 30, 2005

	<u>Electric</u>	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>
Administration				
Personal services	\$ 296,560	\$ 150,721	\$ 214,384	\$ 661,665
Materials and supplies	25,274	9,751	9,218	44,243
Contractual	63,610	6,427	7,565	77,602
Insurance	173,277	46,089	37,357	256,723
Maintenance	1,431	601	601	2,633
Other expense	12,036	10,535	11,638	34,209
Depreciation	20,267	31,975	-	52,242
	<u>592,455</u>	<u>256,099</u>	<u>280,763</u>	<u>1,129,317</u>
Powerhouse				
Personal services	316,938	-	-	316,938
Materials and supplies	73,657	-	-	73,657
Purchased power	8,369,329	-	-	8,369,329
Contractual	4,344	-	-	4,344
Maintenance	916	-	-	916
Other expense	14,568	-	-	14,568
Depreciation	202,516	-	-	202,516
	<u>8,982,268</u>	<u>-</u>	<u>-</u>	<u>8,982,268</u>
Line distribution				
Personal services	570,474	-	175,144	745,618
Materials and supplies	(18,223)	-	53,932	35,709
Purchased power	-	-	1,960	1,960
Contractual	61,966	-	51,206	113,172
Maintenance	2,655	-	45	2,700
Other expense	142,609	-	39,910	182,519
Depreciation	324,768	-	253,909	578,677
	<u>1,084,249</u>	<u>-</u>	<u>576,106</u>	<u>1,660,355</u>
Operations				
Personal services	-	228,659	-	228,659
Materials and supplies	-	114,145	-	114,145
Purchased power	-	95,622	-	95,622
Contractual	-	90,495	-	90,495
Maintenance	-	4,930	-	4,930
Other expense	-	18,765	-	18,765
Depreciation	-	346,116	-	346,116
	<u>-</u>	<u>898,732</u>	<u>-</u>	<u>898,732</u>

Continued...

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Operating Expenses (Concluded)
Electric, Wastewater and Water Enterprise Funds
For the Year Ended June 30, 2005

	<u>Electric</u>	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>
Production				
Personal services	\$ -	\$ -	\$ 56,151	\$ 56,151
Materials and supplies	-	-	45,496	45,496
Purchased power	-	-	56,836	56,836
Contractual	-	-	7,069	7,069
Other expense	-	-	10,769	10,769
Depreciation	-	-	37,399	37,399
	<u>-</u>	<u>-</u>	<u>213,720</u>	<u>213,720</u>
Totals				
Personal services	1,183,972	379,380	445,679	2,009,031
Materials and supplies	80,708	123,896	108,646	313,250
Purchased power	8,369,329	95,622	58,796	8,523,747
Contractual	129,920	96,922	65,840	292,682
Insurance	173,277	46,089	37,357	256,723
Maintenance	5,002	5,531	646	11,179
Other expense	169,213	29,300	62,317	260,830
Depreciation	547,551	378,091	291,308	1,216,950
	<u>\$ 10,658,972</u>	<u>\$ 1,154,831</u>	<u>\$ 1,070,589</u>	<u>\$ 12,884,392</u>

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2005

Schedule 1	7/1/04 to 9/30/04	10/1/04 to 6/30/05	Total
Operating revenues -			
Passenger fares - local bus operating	\$ 8,487	\$ 31,034	\$ 39,521

Schedule 2	Operations	Maintenance	Administration	Total
Operating expenses:				
Labor	\$ 189,861	\$ 2,087	\$ 7,835	\$ 199,783
Fringe benefits	56,754	1,186	3,121	61,061
Services	13,615	-	21,826	35,441
Materials and supplies	50,193	-	-	50,193
Utilities	9,850	-	-	9,850
Miscellaneous	(122)	76,392	390	76,660
Depreciation	70,514	-	-	70,514
	<u>\$ 390,665</u>	<u>\$ 79,665</u>	<u>\$ 33,172</u>	<u>\$ 503,502</u>

Schedule 3	7/1/04 to 9/30/04	10/1/04 to 6/30/05	Total
Non-operating revenues:			
Local:			
City of Marshall (property taxes)	\$ 102,047	\$ 522	\$ 102,569
Investment earnings	868	2,846	3,714
Miscellaneous	-	-	-
	<u>102,915</u>	<u>3,368</u>	<u>106,283</u>
State grants -			
Local bus operating assistance	<u>33,924</u>	<u>96,714</u>	<u>130,638</u>
Federal grants:			
Section 5311	2,402	34,947	37,349
Section 5311 - maintenance hoist	-	76,392	76,392
Section 5311 - computer	-	1,870	1,870
RTAP	452	375	827
	<u>2,854</u>	<u>113,584</u>	<u>116,438</u>
Total non-operating revenues	<u>\$ 139,693</u>	<u>\$ 213,666</u>	<u>\$ 353,359</u>

Continued...

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses (Concluded)
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2005

	Federal Section 5311		Local Bus Operating Assistance	
	7/1/04 to 9/30/04	10/1/04 to 6/30/05	7/1/04 to 9/30/04	10/1/04 to 6/30/05
Schedule 5				
Operating expenses:				
Labor	\$ 47,090	\$ 152,693	\$ 47,090	\$ 152,693
Fringe benefits	17,054	44,007	17,054	44,007
Services	11,561	23,880	11,561	23,880
Materials and supplies	17,010	33,183	17,010	33,183
Utilities	2,508	7,342	2,508	7,342
Miscellaneous	233	76,427	233	76,427
Depreciation	17,628	52,886	17,628	52,886
	<u>113,084</u>	<u>390,418</u>	<u>113,084</u>	<u>390,418</u>
Less ineligible expenses -				
Ineligible depreciation	<u>(17,628)</u>	<u>(129,653)</u>	<u>(17,628)</u>	<u>(129,653)</u>
Net eligible expenses	\$ 95,456	\$ 260,765	\$ 95,456	\$ 260,765
Reimbursement percentage	<u>10.95%</u>	<u>12.40%</u>	<u>42.237%</u>	<u>42.792%</u>
Maximum reimbursement/assistance	<u>\$ 10,452</u>	<u>\$ 32,335</u>	<u>\$ 40,317</u>	<u>\$ 111,587</u>

Schedule 6

Miles - demand response

7/1/04 to 9/30/04	21,356
10/1/04 to 12/31/04	23,463
1/1/05 to 3/31/05	25,434
4/1/05 to 6/30/05	23,091
	<u>93,344</u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	<u>Data Processing</u>	<u>Motor Pool</u>	<u>Safety</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 23,194	\$ 225,740	\$ 21	\$ 248,955
Investments	178,782	786,086	34,291	999,159
Due from other governments	-	7,630	-	7,630
Prepaid items	10,702	15,170	-	25,872
Total current assets	212,678	1,034,626	34,312	1,281,616
Noncurrent assets:				
Capital assets, net	56,578	1,144,955	-	1,201,533
Total assets	269,256	2,179,581	34,312	2,483,149
Liabilities				
Current liabilities:				
Accounts payable	1,530	47,793	496	49,819
Accrued payroll and compensated absences	-	3,290	-	3,290
Accrued interest payable	-	1,036	-	1,036
Contracts payable, current portion	-	20,000	-	20,000
Total current liabilities	1,530	72,119	496	74,145
Noncurrent liabilities -				
Contracts payable	-	90,000	-	90,000
Total liabilities	1,530	162,119	496	164,145
Net assets				
Invested in capital assets, net of related debt	56,578	1,054,955	-	1,111,533
Unrestricted	211,148	962,507	33,816	1,207,471
Total net assets	\$ 267,726	\$ 2,017,462	\$ 33,816	\$ 2,319,004

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2005

	<u>Data Processing</u>	<u>Motor Pool</u>	<u>Safety</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 125,144	\$ 692,586	\$ -	\$ 817,730
Other	<u>-</u>	<u>2,455</u>	<u>1,120</u>	<u>3,575</u>
Total operating revenues	<u>125,144</u>	<u>695,041</u>	<u>1,120</u>	<u>821,305</u>
Operating expenses				
Personal services	-	48,019	-	48,019
Materials and supplies	17,355	132,651	3,401	153,407
Contractual	34,299	2,915	-	37,214
Insurance	195	44,527	-	44,722
Maintenance	2,092	90,604	-	92,696
Other expense	-	40,503	-	40,503
Depreciation	<u>25,572</u>	<u>269,177</u>	<u>-</u>	<u>294,749</u>
Total operating expenses	<u>79,513</u>	<u>628,396</u>	<u>3,401</u>	<u>711,310</u>
Operating income (loss)	<u>45,631</u>	<u>66,645</u>	<u>(2,281)</u>	<u>109,995</u>
Nonoperating revenues (expenses)				
Investment earnings	3,680	17,056	782	21,518
Interest expense	<u>-</u>	<u>(4,457)</u>	<u>-</u>	<u>(4,457)</u>
Total nonoperating revenues (expenses)	<u>3,680</u>	<u>12,599</u>	<u>782</u>	<u>17,061</u>
Income (loss) before contributions and transfers	49,311	79,244	(1,499)	127,056
Transfers in	<u>-</u>	<u>103,331</u>	<u>2,750</u>	<u>106,081</u>
Change in net assets	49,311	182,575	1,251	233,137
Net assets, beginning of year	<u>218,415</u>	<u>1,834,887</u>	<u>32,565</u>	<u>2,085,867</u>
Net assets, end of year	<u>\$ 267,726</u>	<u>\$ 2,017,462</u>	<u>\$ 33,816</u>	<u>\$ 2,319,004</u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005

	<u>Data Processing</u>	<u>Motor Pool</u>	<u>Safety</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from interfund services	\$ 125,144	\$ 695,041	\$ 1,120	\$ 821,305
Payments to suppliers/claimants	(66,937)	(287,133)	(3,191)	(357,261)
Payments to employees	-	(50,182)	-	(50,182)
Net cash provided by (used in) operating activities	<u>58,207</u>	<u>357,726</u>	<u>(2,071)</u>	<u>413,862</u>
Cash flows from non-capital financing activities				
Transfers in	-	103,331	2,750	106,081
Cash flows from capital and related financing activities				
Principal and interest paid on contract	-	(18,421)	-	(18,421)
Purchase of capital assets	(17,032)	(235,544)	-	(252,576)
Net cash used in capital and related financing activities	<u>(17,032)</u>	<u>(253,965)</u>	<u>-</u>	<u>(270,997)</u>
Cash flows from investing activities				
Purchase of investments	(78,337)	(111,226)	2,872	(186,691)
Interest received on investments	3,680	17,056	782	21,518
Net cash used in investing activities	<u>(74,657)</u>	<u>(94,170)</u>	<u>3,654</u>	<u>(165,173)</u>
Net increase (decrease) in pooled cash and investments	(33,482)	112,922	4,333	83,773
Cash and cash equivalents, beginning of year	<u>56,676</u>	<u>112,818</u>	<u>(4,312)</u>	<u>165,182</u>
Cash and cash equivalents, end of year	<u>\$ 23,194</u>	<u>\$ 225,740</u>	<u>\$ 21</u>	<u>\$ 248,955</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 45,631	\$ 66,645	\$ (2,281)	\$ 109,995
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	25,572	269,177	-	294,749
Changes in assets and liabilities:				
Due from other governments	-	(7,630)	-	(7,630)
Prepaid items	(10,632)	571	-	(10,061)
Accounts payable	(2,364)	31,126	210	28,972
Accrued payroll/compensated absences	-	(2,163)	-	(2,163)
Net cash provided by (used in) operating activities	<u>\$ 58,207</u>	<u>\$ 357,726</u>	<u>\$ (2,071)</u>	<u>\$ 413,862</u>

CITY OF MARSHALL, MICHIGAN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

	<u>Current Tax</u>	<u>Imprest Payroll</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ -	\$ 22,001	\$ 22,001
Delinquent taxes receivable	<u>55,905</u>	<u>-</u>	<u>55,905</u>
Total assets	<u><u>\$ 55,905</u></u>	<u><u>\$ 22,001</u></u>	<u><u>\$ 77,906</u></u>
Liabilities			
Undistributed receipts	<u><u>\$ 55,905</u></u>	<u><u>\$ 22,001</u></u>	<u><u>\$ 77,906</u></u>

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets and
Governmental Fund Balance Sheet
Downtown Development Authority Component Unit
June 30, 2005

	<u>Special Revenue</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 15,740	\$ -	\$ 15,740
Investments	198,235	-	198,235
Accounts receivable	3,267	-	3,267
Prepaid items	553	-	553
Restricted cash and cash equivalents	57,971	-	57,971
	<hr/>	<hr/>	<hr/>
Total assets	<u><u>\$ 275,766</u></u>	<u>-</u>	<u>275,766</u>
Liabilities			
Accounts payable	\$ 75	-	75
Accrued liabilities	2,499	-	2,499
Accrued interest payable	-	7,153	7,153
Long-term liabilities:			
Due within one year	-	95,000	95,000
Due in more than one year	-	775,000	775,000
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,574</u>	<u>877,153</u>	<u>879,727</u>
Fund balance			
Reserved for prepaid items	553	(553)	-
Unreserved, undesignated	272,639	(272,639)	-
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>273,192</u>	<u>(273,192)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 275,213</u></u>		
Net assets			
Restricted for debt service		57,971	57,971
Unrestricted (deficit)		(661,932)	(661,932)
		<hr/>	<hr/>
Total net assets (deficit)		<u><u>\$ (603,961)</u></u>	<u><u>\$ (603,961)</u></u>

CITY OF MARSHALL, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
Downtown Development Authority Component Unit
For the Year Ended June 30, 2005

	<u>Special Revenue</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property taxes	\$ 264,321	\$ -	\$ 264,321
Investment earnings	8,420	-	8,420
Other	<u>74,451</u>	<u>-</u>	<u>74,451</u>
Total revenues	<u>347,192</u>	<u>-</u>	<u>347,192</u>
Expenditures/expenses			
Community development	205,190	-	205,190
Debt service:			
Principal	95,000	(95,000)	-
Interest and fiscal charges	<u>47,948</u>	<u>7,153</u>	<u>55,101</u>
Total expenditures	<u>348,138</u>	<u>(87,847)</u>	<u>260,291</u>
Revenues over (under) expenditures	(946)	946	
Change in net assets		86,901	86,901
Fund balances/net assets			
Beginning of year	<u>274,138</u>	<u>(965,000)</u>	<u>(690,862)</u>
End of year	<u><u>\$ 273,192</u></u>	<u><u>\$ (877,153)</u></u>	<u><u>\$ (603,961)</u></u>

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Downtown Development Authority Component Unit
Special Revenue Fund
For the Year Ended June 30, 2005

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 255,774	\$ 264,321	\$ 8,547
Investment earnings	3,500	8,420	4,920
Other	90,726	74,451	(16,275)
	<u>350,000</u>	<u>347,192</u>	<u>(2,808)</u>
Expenditures			
Community development	213,452	205,190	(8,262)
Debt service:			
Principal	95,000	95,000	-
Interest and fiscal charges	47,949	47,948	(1)
	<u>356,401</u>	<u>348,138</u>	<u>(8,263)</u>
Total expenditures			
	<u>356,401</u>	<u>348,138</u>	<u>(8,263)</u>
Net change in fund balance	(6,401)	(946)	5,455
Fund balance, beginning of year	274,138	274,138	-
Fund balance, end of year	<u>\$ 267,737</u>	<u>\$ 273,192</u>	<u>\$ 5,455</u>

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets and
Governmental Fund Balance Sheet
Local Development Finance Authority Component Unit
June 30, 2005

	<u>Special Revenue</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 75,948	\$ -	\$ 75,948
Investments	909,601	-	909,601
Accounts receivable	166	-	166
Prepaid items	9,646	-	9,646
Restricted cash and cash equivalents	15,878	-	15,878
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 1,011,239</u></u>	<u>-</u>	<u>1,011,239</u>
Liabilities			
Accounts payable	\$ 895	-	895
	<u> </u>	<u> </u>	<u> </u>
Fund balance			
Reserved for prepaid items	9,646	(9,646)	-
Unreserved, undesignated	1,000,698	(1,000,698)	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,010,344</u>	<u>(1,010,344)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u><u>\$ 1,011,239</u></u>		
Net assets			
Restricted for debt service		15,878	15,878
Unrestricted		994,466	994,466
		<u> </u>	<u> </u>
Total net assets		<u><u>\$ 1,010,344</u></u>	<u><u>\$ 1,010,344</u></u>

CITY OF MARSHALL, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
Local Development Finance Authority Component Unit
For the Year Ended June 30, 2005

	<u>Special Revenue</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property taxes	\$ 378,801	\$ -	\$ 378,801
Investment earnings	23,077	-	23,077
Other	<u>1,860</u>	<u>-</u>	<u>1,860</u>
Total revenues	403,738	-	403,738
Expenditures/expenses			
Community development	<u>385,385</u>	<u>-</u>	<u>385,385</u>
Revenues over expenditures	18,353	(18,353)	
Change in net assets		18,353	18,353
Fund balances/net assets			
Beginning of year	<u>991,991</u>	<u>-</u>	<u>991,991</u>
End of year	<u><u>\$ 1,010,344</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,010,344</u></u>

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Local Development Finance Authority Component Unit
Special Revenue Fund
For the Year Ended June 30, 2005

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 383,000	\$ 378,801	\$ (4,199)
Investment earnings	12,000	23,077	11,077
Other	-	1,860	1,860
	<u>395,000</u>	<u>403,738</u>	<u>8,738</u>
Expenditures			
Community development	457,385	385,385	(72,000)
	<u>457,385</u>	<u>385,385</u>	<u>(72,000)</u>
Net change in fund balance	(62,385)	18,353	80,738
Fund balance, beginning of year	991,991	991,991	-
	<u>991,991</u>	<u>991,991</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 929,606</u></u>	<u><u>\$ 1,010,344</u></u>	<u><u>\$ 80,738</u></u>

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets and
Governmental Fund Balance Sheet
Economic Development Corporation Component Unit
June 30, 2005

	<u>Special Revenue</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 8,840	\$ -	\$ 8,840
Liabilities			
Accounts payable	\$ -	-	-
Fund balance			
Unreserved, undesignated	8,840	(8,840)	-
Total liabilities and fund balance	<u>\$ 8,840</u>		
Net assets			
Unrestricted		<u>\$ 8,840</u>	<u>\$ 8,840</u>

CITY OF MARSHALL, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
Economic Development Corporation Component Unit
For the Year Ended June 30, 2005

	<u>Special Revenue</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Investment earnings	\$ 97	\$ -	\$ 97
Expenditures/expenses			
Community development	<u>72</u>	<u>-</u>	<u>72</u>
Revenues over expenditures	25	(25)	
Change in net assets		25	25
Fund balances/net assets			
Beginning of year	<u>8,815</u>	<u>-</u>	<u>8,815</u>
End of year	<u><u>\$ 8,840</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,840</u></u>

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Economic Development Corporation Component Unit
Special Revenue Fund
For the Year Ended June 30, 2005

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Investment earnings	\$ -	\$ 97	\$ 97
Expenditures			
Community development	-	72	72
Net change in fund balance	-	25	25
Fund balance, beginning of year	8,815	8,815	-
Fund balance, end of year	\$ 8,815	\$ 8,840	\$ 25

**SCHEDULES OF
BONDED INDEBTEDNESS**

City of Marshall

Summary of Building Authority Debt

Fiscal Year Ending June 30	1				2				3				Total Building Authority Debt				
	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	Act 31 572435 Building Authority (UT) Refunding August 1, 1997 Noncallable	Rate Interest	(12/1) Principal	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	Act 31 572435 Building Authority (LT) Water/Electric Facilities June 1, 2000 4/1/10 @ 100	Rate Interest	(4/1 & 10/1) Principal	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	Act 31 572435 AUTH Refunding Bonds, 2005 June 16, 2005 4/1/15 @ 100%	Rate Interest	(4/1 & 10/1) Principal	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	Act 31 572435 AUTH Refunding Bonds, 2005 June 16, 2005 4/1/15 @ 100%	Rate Interest	(4/1 & 10/1) Principal	Total
2006				\$ 205,000	4.60%	\$ 32,775	\$ 237,775					\$ 35,000	3.00%	\$ 81,046	\$ 116,046	\$ 146,221	\$ 496,221
2007				200,000	4.65%	23,410	223,410					20,000	3.00%	101,324	121,324	151,194	481,194
2008				200,000	4.70%	14,060	214,060					20,000	3.05%	100,724	120,724	135,304	475,304
2009				195,000	4.80%	4,680	199,680					20,000	3.15%	100,114	120,114	118,834	458,834
2010												20,000	3.25%	99,484	119,484	106,774	261,774
2011												165,000	3.63%	98,834	263,834	98,834	263,834
2012												170,000	3.75%	92,853	262,853	92,853	262,853
2013												175,000	3.75%	86,478	261,478	86,478	261,478
2014												180,000	3.70%	79,915	259,915	79,915	259,915
2015												190,000	3.70%	73,255	263,255	73,255	263,255
2016												200,000	4.25%	66,225	266,225	66,225	266,225
2017												295,000	4.25%	57,725	352,725	57,725	352,725
2018												315,000	4.25%	45,188	360,188	45,188	360,188
2019												345,000	4.00%	31,800	376,800	31,800	376,800
2020												450,000	4.00%	18,000	468,000	18,000	468,000
				\$ 800,000		\$ 74,925	\$ 874,925					\$ 2,600,000		\$ 1,132,962	\$ 3,732,962	\$ 1,308,597	\$ 5,308,597

City of Marshall
Summary of Michigan Transportation Fund Debt

Fiscal Year Ending June 30	1					2					Total MTF Debt							
	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	(10/1)	Rate	Interest	Total	(4/1)	Rate	Interest	Total	Principal	Interest	Total

City of Marshall

		Issue:	2						
		Auth:	Act 34						
		CUSIP:	572427						
		Type:	Limited Tax						
		Purpose:	Downtown Alley Reconstruction						
		Dated:	August 24, 2004						
		Callable:	4/1/14 @ 100						
Fiscal Year Ending June 30			(4/1)				(4/1) & (10/1)		
			Principal			Rate	Interest	Total	
2006		\$	10,000			3.00%	\$ 6,728	\$ 16,728	
2007			10,000			3.00%	6,428	16,428	
2008			10,000			3.00%	6,128	16,128	
2009			10,000			3.38%	5,828	15,828	
2010			10,000			3.63%	5,490	15,490	
2011			10,000			3.75%	5,128	15,128	
2012			10,000			3.88%	4,753	14,753	
2013			15,000			4.00%	4,365	19,365	
2014			15,000			4.00%	3,765	18,765	
2015			15,000			4.10%	3,165	18,165	
2016			15,000			4.10%	2,550	17,550	
2017			15,000			4.10%	1,935	16,935	
2018			15,000			4.40%	1,320	16,320	
2019			15,000			4.40%	660	15,660	
		\$	175,000				\$ 58,240	\$ 233,240	

City of Marshall
Summary of Downtown Development Authority Debt

Fiscal Year Ending June 30	1							2							Total DDA Debt		
	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	(6/1)	Principal	Rate	Interest	Total	(6/1 & 12/1)	Principal	Interest	Total	
		Act 197	572427	DDA (LT)	Downtown Development	January 1, 1993	6/1/02 @ 102; 03 @ 101; 04 @ 100										

City of Marshall
Summary of Local Development Finance Authority Debt

Fiscal Year Ending June 30	Issue: 1 Auth: Act 281 CUSIP: n/a Type: AUTH (LT) - Land Contract Purpose: LDFA Dated: May 15, 2002 Callable: Noncallable	Issue: 2 Auth: Act 281 CUSIP: 572457 Type: LDFA (LT) Purpose: Local Development Bonds, 2005 Dated: August 16, 2005 Callable: 4/1/15 @ 100%	Total LDFA Debt		
	(5/15)	(5/15)	(4/1)	(4/1 & 10/1)	
	Principal	Rate	Interest	Total	
	Principal	Rate	Interest	Total	
2006	\$ 64,836	5.43%	\$ 29,042	\$ 93,878	\$ 104,836
2007	68,356	5.43%	25,522	93,878	93,356
2008	72,068	5.43%	21,810	93,878	97,068
2009	75,981	5.43%	17,897	93,878	100,981
2010	80,107	5.43%	13,771	93,878	105,107
2011	84,457	5.43%	9,421	93,878	109,457
2012	89,043	5.43%	4,835	93,878	114,043
2013					80,000
2014					85,000
2015					85,000
2016					85,000
2017					90,000
2018					90,000
2019					90,000
2020					90,000
2021					95,000
2022					95,000
2023					95,000
2024					95,000
2025					95,000
	\$ 534,849		\$ 122,298	\$ 657,147	\$ 1,894,849
					\$ 818,242
					\$ 2,713,091

City of Marshall

[illegible]

City of Marshall
Summary of Sewer Supported Debt

Fiscal Year Ending June 30	1				2				3					
	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	(10/1) Principal	(4/1 & 10/1) Rate Interest	Total	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	(6/1) Principal	(6/1 & 12/1) Rate Interest	Total	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	(11/1) Principal	(5/1 & 11/1) Rate Interest	Total		
2006		\$ 135,000	2.00%	\$ 12,250	\$ 147,250		\$ 15,000	5.10%	\$ 383	\$ 15,383	\$ 54,027	5.125%	\$ 108,249	\$ 162,275
2007		135,000	2.00%	9,550	144,550					54,027	5.125%	105,480	159,506	
2008		135,000	2.00%	6,850	141,850					54,027	5.125%	102,711	156,738	
2009		135,000	2.00%	4,150	139,150					54,027	5.125%	99,942	153,969	
2010		140,000	2.00%	1,400	141,400					54,027	5.125%	97,173	151,200	
2011										122,788	5.125%	92,643	215,430	
2012										157,168	5.125%	85,469	242,637	
2013										166,991	5.125%	77,162	244,153	
2014										176,814	5.125%	68,352	245,166	
2015										181,726	5.125%	59,165	240,890	
2016										196,460	5.125%	49,474	245,934	
2017										206,283	5.200%	39,076	245,359	
2018										216,106	5.200%	28,094	244,200	
2019										216,106	5.200%	16,856	232,962	
2020										216,106	5.200%	5,619	221,725	
		\$ 680,000		\$ 34,200	\$ 714,200		\$ 15,000	\$ 383	\$ 15,383	\$ 2,126,680		\$ 1,035,464	\$ 3,162,143	

City of Marshall
Summary of Sewer Supported Debt

Fiscal Year Ending June 30	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	4 Act 34 572427 Limited Tax Refunding - Biosolids Storage Tank August 24, 2004	Total Sewer Debt		
	(4/1) Principal	(4/1 & 10/1) Rate Interest Total	Principal	Interest	Total
2006	\$ 25,000	3.00% \$ 4,619 \$ 29,619	\$ 229,027	\$ 125,500	\$ 354,527
2007	25,000	3.00% 3,869 28,869	214,027	118,899	332,925
2008	20,000	3.00% 3,119 23,119	209,027	112,680	321,706
2009	20,000	3.38% 2,519 22,519	209,027	106,611	315,638
2010	25,000	3.63% 1,844 26,844	219,027	100,417	319,444
2011	25,000	3.75% 938 25,938	147,788	93,580	241,368
2012			157,168	85,469	242,637
2013			166,991	77,162	244,153
2014			176,814	68,352	245,166
2015			181,726	59,165	240,890
2016			196,460	49,474	245,934
2017			206,283	39,076	245,359
2018			216,106	28,094	244,200
2019			216,106	16,856	232,962
2020			216,106	5,619	221,725
	\$ 140,000	\$ 16,906 \$ 156,906	\$ 2,961,680	\$ 1,086,953	\$ 4,048,632

City of Marshall

Summary of Water Debt

Fiscal Year Ending June 30	1						2						3										
	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:		
		Act 94	n/a	Revenue	Water	August 26, 1993	5/1/03 @ 102; 04 @ 101; 05 @ 100		Act 185	129644	Limited Tax	Water	June 25, 1996	5/1/08 @ 100		Act 185	129644	Limited Tax	Water	November 3, 1997	5/1/08 @ 100		
	(5/1)	Principal	Rate	Interest	Total	(5/1 & 11/1)	Interest	Total	(5/1)	Principal	Rate	Interest	Total	(5/1 & 11/1)	Interest	Total	(5/1)	Principal	Rate	Interest	Total		
2006	\$	50,000	5.15%	\$	8,643	\$	58,643	\$	75,000	5.10%	\$	63,498	\$	138,498	\$	140,000	4.70%	\$	137,505	\$	277,505		
2007		55,000	5.25%		6,068		61,068		60,000	5.20%		59,673		119,673		165,000	4.70%		130,925		295,925		
2008		60,000	5.30%		3,180		63,180		70,000	5.30%		56,553		126,553		165,000	4.80%		123,170		288,170		
2009									85,000	5.40%		52,843		137,843		165,000	4.90%		115,250		280,250		
2010									75,000	5.50%		48,253		123,253		185,000	5.00%		107,165		292,165		
2011									90,000	5.60%		44,128		134,128		185,000	5.10%		97,915		282,915		
2012									110,000	5.60%		39,088		149,088		180,000	5.15%		88,480		268,480		
2013									125,000	5.70%		32,928		157,928		180,000	5.20%		79,210		259,210		
2014									145,000	5.70%		25,803		170,803		175,000	5.25%		69,850		244,850		
2015									140,000	5.75%		17,538		157,538		200,000	5.75%		60,663		260,663		
2016									165,000	5.75%		9,488		174,488		195,000	5.75%		49,163		244,163		
2017																220,000	5.75%		37,950		257,950		
2018																220,000	5.75%		25,300		245,300		
2019																220,000	5.75%		12,650		232,650		
2020																							
2021																							
2022																							
2023																							
2024																							
	\$	165,000		\$	17,890	\$	182,890		\$	1,140,000		\$	449,788	\$	1,589,788		\$	2,595,000		\$	1,135,195	\$	3,730,195

City of Marshall
Summary of Water Debt

Fiscal Year Ending June 30	4				5				6			
	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	(11/1)	Principal	Rate	Interest	Total
	4	Act 185	129644	Limited Tax	Water	September 1, 1999	11/1/09 @ 100	(5/1 & 11/1)	Interest	Total		
	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	(4/1)	Principal	Rate	Interest	Total
	5	Act 34	572427	Limited Tax	Hanover Water Main	August 24, 2004	4/1/14 @ 100	(4/1 & 10/1)	Interest	Total		
	Issue:	Auth:	CUSIP:	Type:	Purpose:	Dated:	Callable:	(4/1)	Principal	Rate	Interest	Total
	6	Act 34	572427	Limited Tax	Mulberry Water Main	August 24, 2004	4/1/14 @ 100	(4/1 & 10/1)	Interest	Total		
2006	\$	974	5.125%	\$	1,951	\$	2,924	\$	15,000	3.00%	\$	25,628
2007		974	5.125%		1,901		2,874		10,000	3.00%		20,178
2008		974	5.125%		1,851		2,824		10,000	3.00%		19,878
2009		974	5.125%		1,801		2,774		10,000	3.38%		19,578
2010		974	5.125%		1,751		2,724		10,000	3.63%		19,240
2011		2,213	5.125%		1,669		3,882		10,000	3.75%		18,878
2012		2,832	5.125%		1,540		4,372		10,000	3.88%		18,503
2013		3,009	5.125%		1,390		4,399		10,000	4.00%		18,115
2014		3,186	5.125%		1,232		4,418		15,000	4.00%		22,715
2015		3,275	5.125%		1,066		4,341		15,000	4.10%		22,115
2016		3,540	5.125%		891		4,431		15,000	4.10%		21,500
2017		3,717	5.200%		704		4,421		15,000	4.10%		20,885
2018		3,894	5.200%		506		4,400		15,000	4.40%		20,270
2019		3,894	5.200%		304		4,198		15,000	4.40%		19,610
2020		3,894	5.200%		101		3,995		15,000	4.40%		18,950
2021									15,000	4.70%		18,290
2022									15,000	4.70%		17,585
2023									20,000	4.70%		21,880
2024									20,000	4.70%		20,940
	\$	38,321		\$	18,658	\$	56,978	\$	260,000		\$	384,735
									\$	124,735	\$	283,425

City of Marshall
Summary of Water Debt

Fiscal Year Ending June 30	Issue: Auth: CUSIP: Type: Purpose: Dated: Callable:	7 Act 34 572427 Limited Tax Aquifer Study & Well August 24, 2004 4/1/14 @ 100	Total Water Debt			
	(4/1)	(4/1 & 10/1)	Principal	Interest	Total	
2006	\$ 5,000	3.00%	\$ 4,266	\$ 9,266	\$ 290,974	\$ 234,337
2007	5,000	3.00%	4,116	9,116	300,974	220,557
2008	5,000	3.00%	3,966	8,966	315,974	206,144
2009	5,000	3.38%	3,816	8,816	275,974	190,685
2010	5,000	3.63%	3,648	8,648	285,974	177,116
2011	5,000	3.75%	3,466	8,466	302,213	162,753
2012	5,000	3.88%	3,279	8,279	317,832	147,211
2013	5,000	4.00%	3,085	8,085	333,009	130,663
2014	5,000	4.00%	2,885	7,885	353,186	113,019
2015	5,000	4.10%	2,685	7,685	373,275	94,201
2016	5,000	4.10%	2,480	7,480	393,540	73,246
2017	5,000	4.10%	2,275	7,275	253,717	51,129
2018	5,000	4.40%	2,070	7,070	253,894	37,051
2019	5,000	4.40%	1,850	6,850	253,894	22,879
2020	5,000	4.40%	1,630	6,630	33,894	8,706
2021	5,000	4.70%	1,410	6,410	30,000	7,285
2022	5,000	4.70%	1,175	6,175	35,000	5,875
2023	10,000	4.70%	940	10,940	45,000	4,230
2024	10,000	4.70%	470	10,470	45,000	2,115
	\$ 105,000		\$ 49,513	\$ 154,513	\$ 4,493,321	\$ 1,889,203
						\$ 6,382,523

City of Marshall
Summary of Installment Purchase Contract Debt

Fiscal Year Ending June 30	1				2				3				Total IPC Debt			
	Issue:				Issue:				Issue:							
	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Interest	Total	
	(6/1)				(9/1)				(4/1)				(4/1 & 10/1)			
	Auth: Act 99				Auth: Act 99				Auth: Act 99							
	CUSIP: n/a				CUSIP: n/a				CUSIP: n/a							
	Type: Installment Purchase Contract				Type: Installment Purchase Contract				Type: Installment Purchase Contract							
	Purpose: Sewer Rodding Truck				Purpose: Emergency Rescue Vehicle				Purpose: Fuel Tanks							
	Dated: January 5, 1996				Dated: September 1, 1999				Dated: August 3, 2000							
	Callable:				Callable:				Callable:							
2006	\$ 15,000	5.10%	\$ 383	\$ 15,383	\$ 20,000	5.650%	\$ 5,650	\$ 25,650	\$ 30,000	5.250%	\$ 8,768	\$ 38,768	\$ 65,000	\$ 14,800	\$ 79,800	
2007					20,000	5.650%	4,520	24,520	32,000	5.250%	7,193	39,193	52,000	11,713	63,713	
2008					20,000	5.650%	3,390	23,390	33,000	5.250%	5,513	38,513	53,000	8,903	61,903	
2009					25,000	5.650%	2,119	27,119	35,000	5.250%	3,780	38,780	60,000	5,899	65,899	
2010					25,000	5.650%	706	25,706	37,000	5.250%	1,943	38,943	62,000	2,649	64,649	
2011													-	-	-	
	<u>\$ 15,000</u>		<u>\$ 383</u>	<u>\$ 15,383</u>	<u>\$ 110,000</u>		<u>\$ 16,385</u>	<u>\$ 126,385</u>	<u>\$ 167,000</u>		<u>\$ 27,195</u>	<u>\$ 194,195</u>	<u>\$ 292,000</u>	<u>\$ 43,963</u>	<u>\$ 335,963</u>	

STATISTICAL SECTION
(Unaudited)

CITY OF MARSHALL

Introduction

The City encompasses an area of approximately 5.6 square miles and has a current estimated population of 7,459. The City is approximately 12 miles southeast of Battle Creek. The City's tax base is diverse with residential, commercial and industrial valuations account for approximately 54.17%, 22.87% and 22.21%, respectively, of the City's Total Taxable Value, as hereinafter defined, for the fiscal year ending June 30, 2006.

Form of Government

The City operates under the Council-Manager form of government. The Mayor is elected for a two-year term and six council members are elected for four-year overlapping terms. The City Council appoints the City Manager, City Attorney, City Clerk/Treasurer and Assessor, who serve at the pleasure of the Council. All other department heads are appointed by the City Manager and serve at his pleasure.

Population

The City's 1970, 1980, 1990 and 2000 Census populations are set forth in the following table.

City of Marshall Census Populations

<u>Census</u>	<u>Population</u>
1970	7,253
1980	7,201
1990	6,891
2000	7,459

Source: U.S. Department of Commerce-- Bureau of Census and City of Marshall.

City of Marshall Total Taxable Value Fiscal Years Ended or Ending June 30, 2002 Through 2006

<u>Assessed Value as of December 31</u>	<u>Year of State Equalization and Tax Levy</u>	<u>City's Fiscal Year Ended or Ending June 30</u>	<u>Ad Valorem Taxable Value</u>	<u>Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)</u>	<u>Total Taxable Value</u>	<u>Percent Increase Over Prior Year</u>
2000	2001	2002	\$201,414,443	\$9,729,862	\$211,144,305	5.14%
2001	2002	2003	214,036,978	11,582,180	225,619,158	6.86
2002	2003	2004	215,752,733	11,117,250	226,869,983	0.55
2003	2004	2005	216,944,634	12,266,677	229,211,311	1.03
2004	2005	2006	224,453,936	13,428,394	237,882,330	3.78

Per Capita Total Taxable Value for the fiscal year ending June 30, 2006 (2)\$31,891.99

(1) At the full tax rate. See "Tax Abatement" herein.

(2) Based on the City's 2000 Census of 7,459.

Source: City of Marshall

City of Marshall
Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2002 Through 2006

	Fiscal Year Ended or Ending June 30				
<u>Use</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Commercial	\$ 44,733,796	\$ 49,816,842	\$ 51,755,061	\$ 51,531,841	\$ 54,412,699
Industrial.....	51,811,218	57,793,412	54,468,127	52,538,384	52,837,180
Residential	112,976,556	116,467,108	119,160,048	123,655,459	128,860,671
Utility.....	<u>1,622,735</u>	<u>1,541,796</u>	<u>1,486,747</u>	<u>1,485,627</u>	<u>1,771,780</u>
	<u>\$ 211,144,305</u>	<u>\$ 225,619,158</u>	<u>\$ 226,869,983</u>	<u>\$ 229,211,311</u>	<u>\$ 237,882,330</u>
<u>Class</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Real Property	\$ 163,096,451	\$ 173,031,715	\$ 178,864,487	\$ 184,688,584	\$ 194,462,050
Personal Property.....	<u>48,047,854</u>	<u>52,587,443</u>	<u>48,005,496</u>	<u>44,522,727</u>	<u>43,420,280</u>
	<u>\$ 211,144,305</u>	<u>\$ 225,619,158</u>	<u>\$ 226,869,983</u>	<u>\$ 229,211,311</u>	<u>\$ 237,882,330</u>

Source: City of Marshall

City of Marshall
Percent of Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2002 Through 2006

	Fiscal Year Ended or Ending June 30				
<u>Use</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Commercial	21.18%	22.08%	22.81%	22.48%	22.87%
Industrial.....	24.54	25.62	24.01	22.92	22.21
Residential	53.51	51.62	52.52	53.95	54.17
Utility.....	<u>0.77</u>	<u>0.68</u>	<u>0.66</u>	<u>0.65</u>	<u>0.75</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Real Property	77.24%	76.69%	78.84%	80.58%	81.75%
Personal Property.....	<u>22.76</u>	<u>23.31</u>	<u>21.16</u>	<u>19.42</u>	<u>18.25</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Marshall

City of Marshall
Total State Equalized Valuation
Fiscal Years Ended or Ending June 30, 2002 Through 2006

Assessed Value as of <u>December 31</u>	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending <u>June 30</u>	Ad Valorem SEV	SEV of Property Granted Tax Abatement Under <u>Acts 198 (1)</u>	Total SEV	Percent Increase Over <u>Prior Year</u>
2000	2001	2002	\$230,471,591	\$19,644,656	\$250,116,247	1.90%
2001	2002	2003	244,926,100	23,284,000	268,210,100	7.23
2002	2003	2004	246,257,500	22,234,500	268,492,000	0.11
2003	2004	2005	250,056,500	24,628,100	274,684,600	2.31
2004	2005	2006	264,225,113	27,534,800	291,759,913	6.22

Per Capita Total SEV for the Fiscal Year Ending June 30, 2006 (2)\$39,115.15

(1) See "Tax Abatement" herein.

(2) Based on the City's 2000 Census of 7,459.

Source: City of Marshall

City of Marshall
Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2002 Through 2006

	Fiscal Year Ended or Ending June 30				
<u>Use</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Commercial	\$ 57,146,600	\$ 62,628,400	\$ 63,969,400	\$ 63,151,300	\$ 67,132,343
Industrial.....	61,884,447	69,576,000	65,714,600	66,300,600	70,338,600
Residential.....	129,012,300	134,042,300	136,921,400	143,387,400	152,482,570
Utility	<u>2,072,900</u>	<u>1,963,400</u>	<u>1,886,600</u>	<u>1,845,300</u>	<u>1,806,400</u>
	<u>\$ 250,116,247</u>	<u>\$ 268,210,100</u>	<u>\$ 268,492,000</u>	<u>\$ 274,684,600</u>	<u>\$ 291,759,913</u>

<u>Class</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Real Property	\$ 194,494,100	\$ 207,004,300	\$ 212,188,400	\$ 220,890,700	\$ 239,560,813
Personal Property	<u>55,622,147</u>	<u>61,205,800</u>	<u>56,303,600</u>	<u>53,793,900</u>	<u>52,199,100</u>
	<u>\$ 250,116,247</u>	<u>\$ 268,210,100</u>	<u>\$ 268,492,000</u>	<u>\$ 274,684,600</u>	<u>\$ 291,759,913</u>

Source: City of Marshall

City of Marshall
Percent of Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2002 Through 2006

	Fiscal Year Ended or Ending June 30				
<u>Use</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Commercial	22.85%	23.35%	23.82%	22.99%	23.01%
Industrial.....	24.74	25.94	24.48	24.14	24.11
Residential.....	51.58	49.98	51.00	52.20	52.26
Utility	<u>0.83</u>	<u>0.73</u>	<u>0.70</u>	<u>0.67</u>	<u>0.62</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

<u>Class</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Real Property	77.76%	77.18%	79.03%	80.42%	82.11%
Personal Property	<u>22.24</u>	<u>22.82</u>	<u>20.97</u>	<u>19.58</u>	<u>17.89</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Marshall

Tax Abatement

The City's Ad Valorem Taxable Value does not include the value of certain facilities which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals 1/2 of all tax rates levied by other than the State and local school district for operating purposes plus 1/2 of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1993, this millage rate equals 1/2 of all tax rates levied by other than the State and local school district plus none, 1/2 or the entire State tax rate (as determined by the State Treasurer).

The City has established goals, objectives and procedures to provide the opportunity for industrial and commercial development and expansion. Since 1974, the City has approved a number of applications for local property tax relief for industrial firms. The SEV of properties that have been granted tax abatement under Act 198, removed from the Ad Valorem Tax Roll and placed on the IFT Tax Roll totaled \$27,534,800 for the fiscal year ending June 30, 2006. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on \$13,428,394 of Taxable Value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as Taxable Value.

Property Taxes

Michigan statute provides that all ad valorem taxes be levied on Taxable Value. The City's ability to tax is limited by the State Constitution, State statutes and the City Charter. Home rule cities, such as the City, are permitted by Act 279 of the Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"), to authorize by their charters a maximum levy of 20 mills for operating purposes. The City's charter authorized a maximum levy of 20 mills for operating purposes. A mill is equal to \$1.00 for each \$1,000 of SEV or Taxable Value.

Pursuant to Act 298 of the Public Acts of Michigan of 1917, as amended, home rule cities may authorize an additional levy of up to three mills for refuse collection and disposal. Home rule cities are also authorized to levy up to one mill (plus one additional mill with voter approval) for library purposes pursuant to Act 164 of the Public Acts of Michigan of 1877 as amended. Act 359 of the Public Acts of Michigan of 1925, as amended, also authorizes home rule cities to levy up to \$50,000 for promotional expenses.

The City is currently levying 15.4629 mills for operating purposes, 0.8165 for recreation and 0.4840 for Dial-A-Ride. In addition, the electorate may authorize the issuance of general obligation bonds or other obligations which pledge the full faith and credit and unlimited taxing power of the City. However, any millage necessary to meet the City's pledge of its full faith and credit and limited taxing power as security for the payment of principal of and interest on the Bonds is subject to the charter, statutory and constitutional tax limitations described herein.

State Limitations on Property Taxes

In 1978, the electorate of the State passed an amendment to the State Constitution (the “Amendment”) which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35 of the Public Acts of Michigan of 1979, may have the effect of reducing the maximum authorized tax rate which could be levied by a local taxing unit. Under the Amendment’s millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would be increased accordingly, but never higher than the statutory or charter tax rate limitation.

The Amendment does not limit taxes for the payment of principal of and interest on bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electorate of the State or such political subdivision. Since the City’s obligation to pay principal of and interest on the Bonds has not been approved by the electorate of the City, the ability of the City to levy taxes to pay the principal of and interest on the Bonds is limited by applicable charter, statutory and constitutional tax limitations. For the fiscal year ending June 30, 2006, the Amendment has the effect of reducing the City’s authorized millages as follows:

City of Marshall Maximum Operating Tax Rates Fiscal Year Ending June 30, 2006

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Cumulative Millage Reduction Fraction</u>	<u>Maximum Allowable Millage</u>
Operating	20.0000	0.93937	18.7874
Recreation (1).....	1.0000	0.93930	0.9393
Dial-A-Ride (1)	1.0000	0.93930	0.9393

(1) Voted.

Source: City of Marshall

City of Marshall Property Tax Rates (1) Fiscal Years Ended or Ending June 30, 2002 Through 2006

<u>Levy July 1</u>	<u>Fiscal Year Ended or Ending June 30</u>	<u>Operating</u>	<u>Recreation</u>	<u>Dial-A-Ride</u>	<u>Total</u>
2001	2002	\$15.4629	\$0.8165	\$0.4840	\$16.7634
2002	2003	15.4629	0.8165	0.4840	16.7634
2003	2004	15.4629	0.8165	0.4840	16.7634
2004	2005	15.4629	0.8165	0.4840	16.7634
2005	2006	15.4629	0.8165	0.4840	16.7634

(1) See “Property Taxes” and “State Limitations on Property Taxes” herein.

Source: City of Marshall

In addition to the City’s property tax rates, residents of the City must pay property taxes to other units of local government. A State Education Tax of 6.00 mills (5.00 mills in 2003) has been levied by the State on all real and

personal property currently subject to the general property tax. To be eligible for state school aid, a local school district is also required to levy not more than the lesser of 18.00 mills or the number of mills levied in 1993 for school operating purposes on non-homestead property. These property taxes are in lieu of those previously levied for local school district operating purposes. Total rates, expressed as a dollar for each \$1,000 of Taxable Value, for the City's fiscal years ended or ending June 30, 2001 through 2005, are set forth in the following tables:

City of Marshall
Principal Residence (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2001 Through 2005

Governmental Unit	Fiscal Year Ended or Ending June 30				
	2001	2002	2003	2004	2005
City of Marshall.....	\$16.7634	\$16.7634	\$16.7634	\$16.7634	\$16.7634
Calhoun County.....	7.2120	7.1961	6.6713	6.6513	6.3713
State Education Levy.....	6.0000	6.0000	6.0000	5.0000	6.0000
Marshall Schools.....	2.7300	5.6000	4.5982	5.5981	5.5947
Calhoun County Intermediate Schools.....	6.0764	6.0694	6.0674	6.2057	6.2057
Marshall Fire/Ambulance.....	n/a	n/a	n/a	n/a	0.5000
Kellogg Community College.....	3.7128	3.7106	3.7106	3.7106	3.7106
District Library.....	<u>1.5776</u>	<u>1.5018</u>	<u>1.4997</u>	<u>1.4597</u>	<u>2.1411</u>
Total.....	<u>\$44.0722</u>	<u>\$46.8413</u>	<u>\$46.3106</u>	<u>\$45.3888</u>	<u>\$47.2868</u>

City of Marshall
Non-Principal Residence (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2001 Through 2005

Governmental Unit	Fiscal Year Ended or Ending June 30				
	2001	2002	2003	2004	2005
City of Marshall.....	\$16.7634	\$16.7634	\$16.7634	\$16.7634	\$16.7634
Calhoun County.....	7.2120	7.1961	6.6713	6.6513	6.3713
State Education Levy.....	6.0000	6.0000	6.0000	5.0000	6.0000
Marshall Schools.....	20.7300	23.6000	23.5982	23.5981	23.5947
Calhoun County Intermediate Schools.....	6.0764	6.0694	6.0674	6.2057	6.2057
Marshall Fire/Ambulance.....	n/a	n/a	n/a	n/a	0.5000
Kellogg Community College.....	3.7128	3.7106	3.7106	3.7106	3.7106
District Library.....	<u>1.5776</u>	<u>1.5018</u>	<u>1.4997</u>	<u>1.4597</u>	<u>2.1411</u>
Total.....	<u>\$62.0722</u>	<u>\$64.8413</u>	<u>\$64.3106</u>	<u>\$63.3888</u>	<u>\$65.2868</u>

- (1) *Principal Residence* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal Residence includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the Principal Residence includes only 5 acres adjacent and contiguous to the home of the owner. Principal Residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal Residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. *Non-Principal Residence* is property not included in the above definition.

Source: City of Marshall

City of Marshall
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2001 Through 2005

<u>July 1</u> <u>Levy</u>	<u>Fiscal Year</u> <u>Ended or Ending</u> <u>June 30</u>	<u>Tax Levy (1)</u>	<u>Collections</u> <u>to March 1</u> <u>Following Levy</u>	<u>Percent</u> <u>Collected</u>
2000	2001	\$3,045,648	\$2,942,431	96.61%
2001	2002	3,016,160	2,923,061	96.91
2002	2003	3,247,979	3,143,005	96.77
2003	2004	3,247,035	3,128,893	96.36
2004	2005	3,261,572	3,119,604	95.65

(1) City taxes only. Includes taxes on properties granted tax abatement under Act 198. See "Tax Abatement" herein.

Source: City of Marshall

Profiles of the Ten Largest Taxpayers

Reflected below are the City's ten largest property taxpayers, their principal product or service and respective Taxable Value for the fiscal year ending June 30, 2006.

City of Marshall Ten Largest Taxpayers Fiscal Year Ending June 30, 2006			
<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Total Taxable</u> <u>Value (1)</u>	<u>%</u> <u>of Total(2)</u>
Joseph Campbell Company	Soup Products Manufacturer	\$9,525,355	4.00%
Lear Technologies LLC	Auto Parts Manufacturer	8,403,600	3.53
Tenneco (Walker).....	Auto Parts Manufacturer	7,761,900	3.26
Eaton Corporation	Auto Parts Manufacturer	6,555,898	2.76
Autocam	Auto Parts Manufacturer	6,476,559	2.72
State Farm (3).....	Insurance Company	6,451,083	2.71
Marshall Brass Company	Brass Fittings Manufacturer	4,411,317	1.86
Marshall Hotels LLC.....	Hotels	3,207,437	1.35
Sheridan-McClellan Apt.	Apartment Complexes.....	2,423,480	1.02
Agree Limited (Kmart).....	Retail Sales.....	<u>2,381,937</u>	<u>1.00</u>
		<u>\$57,598,566</u>	<u>24.21%</u>

(1) See "Tax Abatement" herein.

(2) Based on \$237,882,330 which is the City's Total Taxable Value for the fiscal year ended June 30, 2006. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198. See "Property Valuations" and "Tax Abatement" herein.

(3) In August of 2004, State Farm announced the consolidation of certain operations which included the closure of its Marshall facilities by December 31, 2005. The City has estimated general fund reductions of \$35,000 as a result.

Source: City of Marshall

City of Marshall
Revenues From the State of Michigan
Fiscal Years Ended or Ending June 30, 2001 Through 2006

	Fiscal Year Ended or Ending June 30					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>
Total Revenues.....	\$ <u>964,668</u>	\$ <u>921,787</u>	\$ <u>828,715</u>	\$ <u>765,823</u>	\$ <u>753,902</u>	\$ <u>744,521</u>

(1) As budgeted.

Source: City of Marshall

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of July 2, 2005.

Debt Limit (1)	\$ 29,175,991
Debt Outstanding (2)	\$32,526,897
Less: Exempt Debt (3)	<u>22,821,100</u>
Legal Debt Margin.....	<u>\$ 19,470,194</u>

(1) 10% of \$291,759,913, which is the City's Total SEV for the fiscal year ending June 30, 2005. Includes the SEV of property granted tax abatement under Act 198. See "State Equalized Valuation" and "Tax Abatement" herein.

(2) Includes the Bonds described herein.

(3) See "Statutory and Constitutional Debt Provisions" herein.

Source: Municipal Advisory Council of Michigan and the City of Marshall.

Debt Statement

The following table reflects a breakdown of the City's direct and overlapping debt as of July 2, 2005. Direct debt that is shown as self-supporting is paid from sources other than the City's General Fund.

To the extent necessary, the City may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds in the following table which are designated as Unlimited Tax ("UT"). However, the City's ability to levy tax to pay the debt service on the bonds that are designated as Limited Tax ("LT"), is subject to applicable charter, statutory and constitutional limitations.

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
<u>Share of County Issued Bonds:</u>			
Dated September 1, 1999 (LT).....	\$ 2,165,000	\$ 2,165,000	\$ -0-
Dated November 3, 1997 (LT).....	2,595,000	2,595,000	-0-
Dated June 25, 1996 (LT)	<u>1,140,000</u>	<u>1,140,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 5,900,000</u>	<u>\$ 5,900,000</u>	<u>\$ -0-</u>
<u>Share of South Central Power Agency:</u>			
Dated October 21, 2004	\$ 2,208,000	\$ 2,208,000	\$ -0-
Dated November 21, 2002	7,485,600	7,485,600	-0-
Dated December 28, 2000.....	1,165,500	1,165,500	-0-
Dated November 1, 1992	<u>3,552,000</u>	<u>3,552,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 14,411,100</u>	<u>\$ 14,411,100</u>	<u>\$ -0-</u>
<u>Building Authority Bonds:</u>			
Dated June 16, 2005.....	\$ 2,615,000	\$ 2,615,000	\$ -0-
Dated June 1, 2000 (LT)	600,000	600,000	-0-
Dated August 1, 1997 (UT).....	<u>800,000</u>	<u>800,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 4,015,000</u>	<u>\$ 4,015,000</u>	<u>\$ -0-</u>
<u>Electric Revenue Bonds:</u>			
Dated June 1, 1999.....	\$ 995,000	\$ 995,000	\$ -0-
Subtotal	<u>\$ 995,000</u>	<u>\$ 995,000</u>	<u>\$ -0-</u>
<u>Water and Sewer Bonds:</u>			
Dated August 26, 1993.....	\$ 165,000	\$ 165,000	\$ -0-
Dated September 27, 1989 (LT).....	<u>680,000</u>	<u>680,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 845,000</u>	<u>\$ 845,000</u>	<u>\$ -0-</u>
<u>Tax Increment Bonds:</u>			
Dated August 16, 2005 (4) (LT)	\$ 1,360,000	\$ 1,360,000	\$ -0-
Dated June 1, 2002 (LT)	700,000	700,000	-0-
Dated January 1, 1993 (LT)	<u>170,000</u>	<u>170,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 2,230,000</u>	<u>\$ 2,230,000</u>	<u>\$ -0-</u>
<u>Michigan Transportation Fund Bonds:</u>			
Dated February 1, 1999 (LT)	<u>\$ 670,000</u>	<u>\$ 670,000</u>	<u>\$ -0-</u>
Subtotal.....	<u>\$ 670,000</u>	<u>\$ 670,000</u>	<u>\$ -0-</u>
<u>Capital Improvement Bonds:</u>			
Dated August 24, 2004 (LT)	\$ 1,475,000	\$ -0-	\$ 1,475,000
Subtotal.....	<u>\$ 1,475,000</u>	<u>\$ -0-</u>	<u>\$ 1,475,000</u>
<u>Installment Purchase Obligations:</u>			
Contract Dated February 28, 2004	50,433	50,433	-0-
Land Contract Dated May 15, 2002	534,849	534,849	-0-
Contract Dated August 1, 2000.....	167,000	167,000	-0-
Contract Dated September 1, 1999.....	110,000	-0-	110,000
Contract Dated December 27, 1995	15,000	15,000	-0-
State Farm Insurance Company	720,000	720,000	-0-
Stanton Note	<u>388,515</u>	<u>270,435</u>	<u>118,080</u>
Subtotal.....	<u>\$ 1,985,797</u>	<u>\$ 1,757,717</u>	<u>\$ 228,080</u>
Total	<u>\$ 32,526,897</u>	<u>\$ 30,823,817</u>	<u>\$ 1,703,080</u>
Per Capita Net City Direct Debt (1)			\$228.33
Percent of Net Direct Debt to Total SEV (2).....			0.58%

<u>Overlapping Debt (3)</u>	<u>Gross</u>	City Share As <u>Percent of Gross</u>	<u>Net</u>
Calhoun County	\$ 555,000	6.74%	\$ 37,407
Marshall District Library	1,725,000	48.22	831,795
Kellogg Community College	14,550,000	6.76	983,580
Marshall School District	<u>21,575,000</u>	51.77	<u>11,169,378</u>
Totals	<u>\$ 38,405,000</u>		<u>\$ 13,022,160</u>
Per Capita Net Overlapping Debt (1)			\$1,745.83
Percent of Net Overlapping Debt to Total SEV (2)			4.46%
Per Capita Net Direct and Overlapping Debt (1)			\$1,974.16
Percent of Net Direct and Overlapping Debt to Total SEV (2)			5.04%

(1) Based on the City's 2000 Census population of 7,459.

(2) Based on \$291,759,913 which is the City's Total SEV for the fiscal year ending June 30, 2006. Includes the SEV of property granted tax abatement under Act 198.

(3) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the City are liable in addition to debt issued by the City.

(4) The Bonds described herein.

Source: Municipal Advisory Council of Michigan and the City of Marshall

Pension Plans

All full-time employees of the City are participants in a defined benefit plan administered by the Michigan Municipal Employee's Retirement System. The City's contribution to the plan, expressed as a percentage of active member payroll, covers current service costs, unrealized investment income on unfunded accrued liabilities (prior service costs) and the amortization of unfunded accrued liabilities over twenty-five years. Employee groups contribute a percentage of their gross wages as follows: Dispatch/General/Non-Union/Department of Public Service/Department of Public Works - 5.82%; Fire - 10.39%; Police Patrol - 8.79%; Police Supervisory Division - 6.53%; and Police Dispatch - 9.03%. Gabriel, Roeder, Smith and Company of Detroit, Detroit, Michigan is the actuary for the plan.

City of Marshall Michigan Municipal Employees Retirement System Six Year History*

<u>Valuation as of December 31</u>	<u>Valuation of Assets</u>	<u>Accrued Liabilities</u>	<u>Funded Percent</u>
1998	15,069,142	11,983,617	126.00%
1999	17,067,791	12,688,726	135.40
2000	18,463,328	14,468,272	127.60
2001	19,520,120	15,686,394	124.44
2002	19,720,188	16,573,087	119.00
2003	20,517,832	19,935,535	103.00

* Complies with the disclosure requirements of the Government Accounting Standards Board Statement No. 5. Amounts rounded to nearest thousands.

Source: City of Marshall

LABOR CONTRACTS

Approximately 63.88% of the City's 97 full time employees are currently represented by labor organizations. The following table illustrates the various labor organizations which represent City employees, the number of members and the expiration dates of the present contracts.

General City/Teamsters Local 214	4	June 30, 2007
DPW/Teamsters Local 214.....	8	June 30, 2006
International Fire Fighters Association	8	June 30, 2008
Police Patrol Division/POLC.....	8	June 30, 2008
Police Supervisory Division/POLC.....	5	June 30, 2008
Police Dispatch/Meter/POLC	5	June 30, 2008
DPS/Teamsters Local 214	23	June 30, 2008
Non-union Employees	<u>36</u>	-----
Total City Employees	<u>97</u>	

Source: City of Marshall.

Profile of Major Employers

The following table reflects the diversity of the major employers in the area by the products manufactured or services performed and the approximate number of employees.

<u>Company</u>	<u>Principal Product or Service</u>	<u>Approximate Number of Employees</u>
Oaklawn Hospital.....	Health Care Services	644
State Farm Insurance	Insurance Company	569
Lear Corporation	Auto Parts Manufacturer.....	530
Eaton Torque Control Products Div.	Auto Parts Manufacturer.....	467
Tenneco Automotive	Auto Parts Manufacturer.....	427
Marshall Public Schools.....	Public School System	185
Joseph Campbell Company	Canned Goods.....	167
Marshall Brass Company	Brass Fittings Manufacturer	160
Progressive Dynamics, Inc.	Electronic Equipment Manufacturer.....	104
Autocam Corporation.....	Auto Parts Manufacturer.....	99
City of Marshall	Municipal Government.....	97

Source: City of Marshall

Employment

Reflected below are the unemployment statistics for the County and the State for the calendar years 2000 through 2005.

County of Calhoun:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 (2)</u>
Employed.....	65,085	63,110	61,977	62,131	71,984	70,225
Unemployed	<u>2,953</u>	<u>3,516</u>	<u>4,152</u>	<u>4,695</u>	<u>5,095</u>	<u>5,186</u>
Labor Force	<u>68,038</u>	<u>66,626</u>	<u>66,129</u>	<u>66,826</u>	<u>77,079</u>	<u>75,411</u>
Unemployed as Percent of the Labor Force (1)	4.3%	5.3%	6.3%	7.0%	6.6%	6.9%

(1) Totals and percentages may differ due to rounding by the Office of Labor Market Information – Michigan Department of Labor and Economic Growth.

(2) As of May 2005.

Source: Office of Labor Market Information – Michigan Department of Labor and Economic Growth

State of Michigan:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 (2)</u>
Employed.....	4,967,218	4,864,600	4,724,036	4,695,148	4,728,941	4,775,871
Unemployed	<u>190,156</u>	<u>267,308</u>	<u>314,785</u>	<u>358,358</u>	<u>360,938</u>	<u>355,730</u>
Labor Force	<u>5,157,374</u>	<u>5,131,908</u>	<u>5,038,821</u>	<u>5,053,506</u>	<u>5,089,879</u>	<u>5,131,601</u>
Unemployed as Percent of Labor Force (1)	3.7%	5.2%	6.2%	7.1%	7.1%	6.9%

(1) Totals and percentages may differ due to rounding by the Office of Labor Market Information – Michigan Department of Labor and Economic Growth.

(2) As of May 2005.

Source: Office of Labor Market Information – Michigan Department of Labor and Economic Growth

City of Marshall, Michigan

Monthly Billing Data (Unaudited)

<i>Description</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>
Residential – Electric:					
Number of Bills	3,578	3,605	3,572	3,585	3,590
Energy Sales - Kilowatt	2,046,104	2,251,003	2,208,841	1,771,735	1,855,996
Kilowatt/Bill	572	624	618	494	517
Power Adder	47,060	54,933	52,129	40,041	42,132
Amount Billed	\$ 231,104	\$ 255,888	\$ 249,566	\$ 201,476	\$ 210,564
Sentinel light charges	447	348	453	447	456
Adjusted - Amount billed	\$ 230,657	\$ 255,540	\$ 249,113	\$ 201,029	\$ 210,108
Amount per Kilowatt	0.11273	0.11352	0.11278	0.11346	0.11321
Residential Electric Heat - Summer/Winter:					
Number of Bills	173	176	172	169	167
Energy Block 1 Kilowatt	58,330	66,700	65,530	64,210	78,320
Energy Block 2 Kilowatt	10,780	14,950	15,150	7,410	27,160
Kilowatt/Bill	399	464	469	424	632
Power Adder	1,590	1,992	1,904	1,619	2,394
Amount Billed	\$ 8,014	\$ 9,458	\$ 9,278	\$ 7,924	\$ 10,672
Sentinel light charges	9	9	9	9	9
Adjusted - Amount billed	\$ 8,005	\$ 9,449	\$ 9,269	\$ 7,915	\$ 10,663
Amount per Kilowatt	0.11583	0.11573	0.11489	0.11052	0.10109
Residential – Electric 2X Minimum:					
Number of Bills	33	30	30	33	33
Energy Sales – Kilowatt	29,550	30,960	31,980	23,330	25,140
Kilowatt/Bill	895	1,032	1,066	707	762
Power Adder	255	755	755	527	571
Amount Billed	\$ 3,388	\$ 3,554	\$ 3,638	\$ 2,714	\$ 2,907
Sentinel light charges	18	9	9	9	9
Adjusted - Amount billed	\$ 3,370	\$ 3,545	\$ 3,629	\$ 2,705	\$ 2,898
Amount per Kilowatt	0.11404	0.11452	0.11347	0.11595	0.11526
Residential – Electric 3X Minimum:					
Number of Bills	2	3	3	3	3
Energy Sales - Kilowatt	750	2,471	2,930	1,990	2,050
Kilowatt/Bill	375	824	977	663	683
Power Adder	17	60	69	45	47
Amount Billed	\$ 104	\$ 310	\$ 357	\$ 255	\$ 262
Sentinel light charges	-	9	9	9	9
Adjusted - Amount billed	\$ 104	\$ 301	\$ 348	\$ 246	\$ 253
Amount per Kilowatt	0.13836	0.12180	0.11866	0.12363	0.12319

<i>December</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>Year-To-Date Total</i>
3,598	3,589	3,595	3,603	3,582	3,601	3,598	43,096
2,235,994	2,229,032	1,929,406	1,970,759	1,772,472	1,665,953	1,950,608	23,887,903
621	621	537	547	495	463	542	554
50,534	50,150	44,762	47,299	44,706	42,816	51,106	567,668
\$ 250,256	\$ 249,255	\$ 219,238	\$ 225,187	\$ 205,613	\$ 195,611	\$ 227,350	\$ 2,721,109
447	447	447	447	447	454	456	5,296
\$ 249,809	\$ 248,808	\$ 218,791	\$ 224,740	\$ 205,166	\$ 195,157	\$ 226,894	\$ 2,715,813
0.11172	0.11162	0.11340	0.11404	0.11575	0.11714	0.11632	0.11369
169	169	168	167	170	170	169	2,039
88,160	96,840	94,960	92,450	80,280	73,270	63,540	922,590
43,410	102,700	76,290	67,760	30,360	18,170	12,410	426,550
779	1,181	1,019	959	651	538	449	452
2,973	4,490	3,973	3,845	2,797	2,350	1,990	31,918
\$ 12,732	\$ 17,410	\$ 15,646	\$ 14,960	\$ 11,385	\$ 9,854	\$ 8,958	\$ 136,292
9	9	9	9	9	9	9	108
\$ 12,723	\$ 17,401	\$ 15,637	\$ 14,951	\$ 11,376	\$ 9,845	\$ 8,949	\$ 136,184
0.09670	0.08721	0.09131	0.09332	0.10282	0.10766	0.11782	0.10094
32	32	31	31	30	32	32	379
27,330	31,640	24,770	26,671	23,457	22,825	26,725	324,378
854	989	799	860	782	713	835	856
618	712	575	640	593	587	700	7,288
\$ 3,134	\$ 3,575	\$ 2,872	\$ 3,094	\$ 2,774	\$ 2,724	\$ 3,159	\$ 37,533
9	9	9	9	9	9	9	117
\$ 3,125	\$ 3,566	\$ 2,863	\$ 3,085	\$ 2,765	\$ 2,715	\$ 3,150	\$ 37,416
0.11435	0.11272	0.11558	0.11567	0.11789	0.11893	0.11785	0.11535
3	3	3	3	3	3	3	35
2,599	2,480	2,020	2,400	2,240	2,470	3,210	27,610
866	827	673	800	747	823	1,070	789
59	56	47	58	57	63	84	661
\$ 319	\$ 306	\$ 259	\$ 301	\$ 287	\$ 313	\$ 395	\$ 3,468
9	9	9	9	9	9	9	99
\$ 310	\$ 297	\$ 250	\$ 292	\$ 278	\$ 304	\$ 386	\$ 3,369
0.11927	0.11985	0.12396	0.12185	0.12426	0.12311	0.12015	0.12203

City of Marshall, Michigan

Monthly Billing Data (Unaudited)

<i>Description</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>
Commercial Industrial Service:					
Number of Bills	48	52	54	54	54
Energy Sales - Kilowatt	1,200,020	1,182,192	1,169,632	1,242,283	1,069,462
Kilowatt	3,105	3,252	3,334	3,095	3,196
Kilowatt/Bill	25,000	22,734	21,660	23,005	19,805
Power Adder	27,600	28,845	27,603	28,076	24,277
Amount Billed	\$ 116,562	\$ 118,580	\$ 117,656	\$ 118,813	\$ 108,078
Sentinel light charges	543	543	597	828	777
Adjusted - Amount billed	\$ 116,019	\$ 118,037	\$ 117,059	\$ 117,985	\$ 107,301
Amount per Kilowatt	0.09668	0.09985	0.10008	0.09497	0.10033
Commercial Industrial Service B1 – Summer/Winter:					
Number of Bills	9	9	9	9	9
Kilowatt-Summer	29,754	31,512	26,392	-	-
Kilowatt-Winter	-	-	-	26,991	31,116
Kilowatt/Bill	3,306	3,501	2,932	2,999	3,457
Power Adder	684	769	623	610	706
Amount Billed	\$ 3,603	\$ 3,855	\$ 3,221	\$ 1,805	\$ 2,072
Sentinel light charges	-	-	-	-	-
Adjusted - Amount billed	\$ 3,603	\$ 3,855	\$ 3,221	\$ 1,805	\$ 2,072
Amount per Kilowatt	0.12110	0.12235	0.12206	0.06689	0.06658
Commercial Industrial Service B:					
Number of Bills	567	556	563	566	558
Energy Sales – Kilowatt	1,426,443	1,424,845	1,476,805	1,343,249	1,185,357
Kilowatt/Bill	2,516	2,563	2,623	2,373	2,124
Power Adder	32,804	34,776	34,853	30,352	26,907
Amount Billed	\$ 176,281	\$ 178,008	\$ 183,129	\$ 165,892	\$ 147,354
Sentinel light charges	2,057	2,040	2,040	2,040	2,040
Adjusted - Amount billed	\$ 174,224	\$ 175,968	\$ 181,089	\$ 163,852	\$ 145,314
Amount per Kilowatt	0.12214	0.12350	0.12262	0.12198	0.12259
Commercial Industrial Service SVC “B” Double Minimum:					
Number of Bills	9	10	9	9	8
Energy Sales - Kilowatt	30,728	40,245	27,068	30,434	25,467
Kilowatt/Bill	3,414	4,025	3,008	3,382	3,183
Power Adder	707	982	639	688	578
Amount Billed	\$ 3,856	\$ 5,072	\$ 3,400	\$ 3,770	\$ 3,153
Sentinel light charges	54	69	15	15	-
Adjusted - Amount billed	\$ 3,802	\$ 5,003	\$ 3,385	\$ 3,755	\$ 3,153
Amount per Kilowatt	0.12373	0.12431	0.12506	0.12338	0.12382

<i>December</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>Year-To-Date Total</i>
54	54	54	54	53	55	56	642
1,190,706	1,104,051	1,121,755	1,040,634	1,102,251	1,013,835	1,065,495	13,502,316
3,250	2,973	2,932	2,826	2,612	2,774	3,030	36,379
22,050	20,445	20,773	19,271	20,797	18,433	19,027	21,032
26,910	24,841	26,025	24,975	27,887	26,056	27,916	321,011
\$ 116,814	\$ 107,768	\$ 109,300	\$ 103,433	\$ 106,967	\$ 103,003	\$ 110,176	\$ 1,337,150
777	732	732	732	786	786	786	8,619
\$ 116,037	\$ 107,036	\$ 108,568	\$ 102,701	\$ 106,181	\$ 102,217	\$ 109,390	\$ 1,328,531
0.09745	0.09695	0.09678	0.09869	0.09633	0.10082	0.10267	0.09839
10	10	10	10	10	10	10	115
-	-	-	-	42,940	24,267	22,242	177,107
41,806	57,428	57,441	49,721	-	-	-	264,503
4,181	5,743	5,744	4,972	4,294	2,427	2,224	3,840
945	1,292	1,333	1,193	1,086	624	583	10,448
\$ 2,760	\$ 3,751	\$ 3,792	\$ 3,335	\$ 2,948	\$ 1,716	\$ 2,795	\$ 35,654
-	-	-	-	-	-	-	-
\$ 2,760	\$ 3,751	\$ 3,792	\$ 3,335	\$ 2,948	\$ 1,716	\$ 2,795	\$ 35,654
0.06602	0.06531	0.06601	0.06706	0.06866	0.07072	0.12567	0.08074
551	558	554	551	548	560	557	6,689
1,301,620	1,277,391	1,169,255	1,132,204	1,216,607	1,119,135	1,169,911	15,242,822
2,362	2,289	2,111	2,055	2,220	1,998	2,100	2,279
29,417	28,742	27,134	27,173	30,780	28,762	30,652	362,351
\$ 160,947	\$ 158,019	\$ 146,068	\$ 142,529	\$ 154,089	\$ 142,818	\$ 149,584	\$ 1,904,717
2,100	2,100	2,062	2,052	1,989	1,989	1,989	24,499
\$ 158,847	\$ 155,919	\$ 144,005	\$ 140,477	\$ 152,099	\$ 140,829	\$ 147,595	\$ 1,880,219
0.12204	0.12206	0.12316	0.12407	0.12502	0.12584	0.12616	0.12335
7	6	6	8	9	9	9	99
31,944	12,096	11,848	12,402	11,920	13,137	15,371	262,660
4,563	2,016	1,975	1,550	1,324	1,460	1,708	2,653
722	272	275	298	302	338	403	6,202
\$ 3,915	\$ 1,555	\$ 1,534	\$ 1,646	\$ 1,623	\$ 1,775	\$ 2,053	\$ 33,352
-	-	-	-	-	-	-	153
\$ 3,915	\$ 1,555	\$ 1,534	\$ 1,646	\$ 1,623	\$ 1,775	\$ 2,053	\$ 33,199
0.12254	0.12853	0.12945	0.13275	0.13615	0.13511	0.13356	0.12639

City of Marshall, Michigan

Monthly Billing Data (Unaudited)

<i>Description</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>
Commercial Industrial Service SVC “B” 3X Minimum:					
Number of Bills	2	2	2	2	2
Energy Sales - Kilowatt	6,035	5,457	5,830	7,173	7,251
Kilowatt/Bill	3,018	2,729	2,915	3,587	3,626
Power Adder	139	133	138	162	165
Amount Billed	\$ 788	\$ 727	\$ 767	\$ 919	\$ 929
Sentinel light charges	18	18	18	18	18
Adjusted - Amount billed	\$ 770	\$ 709	\$ 749	\$ 901	\$ 911
Amount per Kilowatt	0.12752	0.12989	0.12844	0.12565	0.12567
Industrial Primary:					
Number of Bills	14	14	14	15	15
Energy Sales - Kilowatt	3,114,670	3,517,708	3,204,202	3,432,241	3,000,250
Kilowatt	7,505	7,347	7,524	7,323	7,061
Kilowatt/Bill	222,476	251,265	228,872	228,816	200,017
Power Adder	71,637	85,832	75,619	77,569	68,106
Amount Billed	\$ 262,385	\$ 290,606	\$ 269,995	\$ 278,824	\$ 250,265
Sentinel light charges	135	135	135	135	135
Adjusted - Amount billed	\$ 262,250	\$ 290,471	\$ 269,860	\$ 278,689	\$ 250,130
Amount per Kilowatt	0.08420	0.08257	0.08422	0.08120	0.08337
Industrial Primary D2:					
Number of Bills	4	4	4	4	4
Energy Sales – Kilowatt	1,705,800	1,949,220	1,950,060	2,053,980	1,969,140
Kilowatt	4,257	4,239	4,351	4,222	4,180
Kilowatt/Bill	426,450	487,305	487,515	513,495	492,285
Power Adder	39,233	47,561	46,021	46,420	44,699
Amount Billed	\$ 145,081	\$ 162,610	\$ 162,160	\$ 165,344	\$ 160,146
Sentinel light charges	75	75	75	75	261
Adjusted - Amount billed	\$ 145,006	\$ 162,535	\$ 162,085	\$ 165,269	\$ 159,885
Amount per Kilowatt	0.08501	0.08338	0.08312	0.08046	0.08120
Economic Development:					
Number of Bills	3	3	3	3	3
Energy Sales - Kilowatt	270,480	318,480	297,280	364,160	326,960
Kilowatt	1,000	1,076	1,126	1,077	1,049
Kilowatt/Bill	90,160	106,160	99,093	121,387	108,987
Power Adder	6,221	7,771	7,016	8,230	7,422
Amount Billed	\$ 22,745	\$ 26,500	\$ 25,167	\$ 28,723	\$ 26,354
Sentinel light charges	-	-	-	-	-
Adjusted - Amount billed	\$ 22,745	\$ 26,500	\$ 25,167	\$ 28,723	\$ 26,354
Amount per Kilowatt	0.08409	0.08321	0.08466	0.07887	0.08060

City of Marshall, Michigan

Monthly Billing Data (Unaudited)

<i>December</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>Year-To-Date Total</i>
2	2	2	2	2	2	2	24
9,283	8,852	8,580	8,240	9,343	7,056	10,539	93,639
4,642	4,426	4,290	4,120	4,672	3,528	5,270	3,902
210	199	199	198	236	181	276	2,236
\$ 1,168	\$ 1,116	\$ 1,090	\$ 1,057	\$ 1,200	\$ 927	\$ 1,354	\$ 12,043
18	18	18	18	18	18	18	216
\$ 1,150	\$ 1,098	\$ 1,072	\$ 1,039	\$ 1,182	\$ 909	\$ 1,336	\$ 11,827
0.12389	0.12408	0.12498	0.12605	0.12655	0.12888	0.12678	0.12631

15	15	16	16	16	16	16	182
2,937,804	2,650,145	2,872,233	2,700,022	3,132,209	2,796,924	2,926,656	36,285,064
6,729	6,285	6,858	6,709	7,102	7,391	7,694	85,527
195,854	176,676	179,515	168,751	195,763	174,808	182,916	199,368
66,394	59,628	66,636	64,801	79,245	71,881	76,678	864,026
\$ 243,019	\$ 220,997	\$ 241,957	\$ 232,082	\$ 266,874	\$ 249,317	\$ 261,963	\$ 3,068,284
135	135	135	135	135	135	135	1,620
\$ 242,884	\$ 220,862	\$ 241,822	\$ 231,947	\$ 266,739	\$ 249,182	\$ 261,828	\$ 3,066,664
0.08268	0.08334	0.08419	0.08591	0.08516	0.08909	0.08946	0.08452

4	4	4	4	4	4	4	48
1,685,340	1,593,060	1,734,300	1,698,300	2,006,460	1,772,820	1,826,940	21,945,420
4,111	4,010	4,184	4,253	4,358	4,378	4,428	50,971
421,335	398,265	433,575	424,575	501,615	443,205	456,735	457,196
38,089	35,844	40,236	40,759	50,763	45,561	47,866	523,053
\$ 141,958	\$ 135,216	\$ 146,682	\$ 146,469	\$ 169,324	\$ 155,318	\$ 160,179	\$ 1,850,486
261	261	261	261	261	261	261	2,388
\$ 141,697	\$ 134,955	\$ 146,421	\$ 146,208	\$ 169,063	\$ 155,057	\$ 159,918	\$ 1,848,098
0.08408	0.08471	0.08443	0.08609	0.08426	0.08746	0.08753	0.08421

3	3	3	3	3	3	3	36
323,360	277,280	308,640	324,480	383,120	341,440	301,840	3,837,520
976	921	945	931	850	1,039	1,031	12,021
107,787	92,427	102,880	108,160	127,707	113,813	100,613	106,598
7,308	6,239	7,160	7,788	9,693	8,775	7,908	91,531
\$ 25,904	\$ 22,653	\$ 24,897	\$ 26,066	\$ 29,847	\$ 28,215	\$ 25,786	\$ 312,855
489	489	489	489	489	489	489	3,423
\$ 25,415	\$ 22,164	\$ 24,408	\$ 25,577	\$ 29,358	\$ 27,726	\$ 25,297	\$ 309,432
0.07860	0.07993	0.07908	0.07883	0.07663	0.08120	0.08381	0.08063

City of Marshall, Michigan

Monthly Billing Data (Unaudited)

<i>Description</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>
LT Only (unmetered)					
Number of Bills	N/A	N/A	N/A	N/A	N/A
Energy Sales - Kilowatt	N/A	N/A	N/A	N/A	N/A
Kilowatt/Bill	N/A	N/A	N/A	N/A	N/A
Amount Billed	\$ 5,059	\$ 5,059	\$ 5,059	\$ 5,059	\$ 5,059
Residential – Life Support (RLS):					
Number of Bills	21	22	23	22	21
Energy Sales - Kilowatt	14,870	15,330	16,055	12,485	12,970
Kilowatt/Bill	708	697	698	568	618
Power Adder	324	1,105	379	282	294
Amount Billed	\$ 1,514	\$ 1,570	\$ 1,639	\$ 1,273	\$ 1,316
Amount per Kilowatt	0.10183	0.10241	0.10206	0.10196	0.10147
Miscellaneous:					
Number of Bills	-	-	-	-	-
Amount Billed	\$ 3,356	\$ 3,255	\$ 3,360	\$ 3,585	\$ 3,714
Totals:					
Number of Bills	4,463	4,486	4,458	4,474	4,467
Energy Sales - Kilowatt	9,944,314	10,851,073	10,497,755	10,381,671	9,616,639
Kilowatt	15,867	15,913	16,335	15,717	15,486
Kilowatt/Bill	2,228	2,419	2,355	2,320	2,153
Power Adder	228,273	265,516	247,747	234,621	218,299
Amount Billed	\$ 980,483	\$ 1,061,799	\$ 1,035,031	\$ 982,792	\$ 929,131
All unmetered lights	8,415	8,314	8,419	8,644	8,773
Adjusted - Amount billed	\$ 972,069	\$ 1,053,485	\$ 1,026,613	\$ 974,148	\$ 920,358
Amount per Kilowatt	0.09775	0.09709	0.09779	0.09383	0.09570

<i>December</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>Year-To-Date Total</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 5,059	\$ 5,041	\$ 5,026	\$ 5,026	\$ 5,026	\$ 5,035	\$ 5,035	\$ 60,541

20	19	19	19	18	18	20	242
13,420	12,030	11,420	11,850	10,700	10,290	12,870	154,290
671	633	601	624	594	572	644	638
303	271	265	284	271	264	337	4,381
\$ 1,353	\$ 1,216	\$ 1,167	\$ 1,217	\$ 1,116	\$ 1,081	\$ 1,348	\$ 15,810
0.10084	0.10111	0.10216	0.10271	0.10433	0.10501	0.10470	0.10247

-	-	-	-	-	-	-	-
\$ 4,254	\$ 4,209	\$ 4,171	\$ 4,161	\$ 4,152	\$ 4,159	\$ 4,161	\$ 46,537

4,468	4,464	4,465	4,471	4,448	4,483	4,479	53,626
9,932,776	9,455,025	9,422,918	9,137,893	9,824,359	8,881,592	9,408,357	117,354,372
15,065	14,190	14,920	14,719	14,922	15,582	16,183	184,898
2,223	2,118	2,110	2,044	2,209	1,981	2,101	2,188
224,481	212,736	218,619	219,311	248,416	228,258	246,499	2,792,774
\$ 969,337	\$ 927,878	\$ 919,527	\$ 906,402	\$ 959,073	\$ 897,706	\$ 960,134	\$ 11,529,294
9,313	9,250	9,197	9,187	9,178	9,194	9,196	107,078
\$ 960,024	\$ 918,629	\$ 910,330	\$ 897,215	\$ 949,895	\$ 888,512	\$ 950,938	\$ 11,422,215
0.09665	0.09716	0.09661	0.09819	0.09669	0.10004	0.10107	0.09733

City of Marshall, Michigan

Monthly Billing Data (Unaudited)

<i>Average by Rate Class (Monthly)</i>	<i>Residential</i>	<i>Light Industrial & Commercial</i>	<i>Heavy Commercial & Industrial</i>	<i>Econ Contracts</i>	<i>TOTAL</i>
Number of Bills	3,816	631	19	3	4,469
Energy Sales - Kilowatt	\$ 2,145,277	\$ 2,461,921	\$ 4,852,540	\$ 319,793	\$ 9,779,531
Kilowatt	n/a	3,032	11,375	1,002	15,409
Kilowatt/Bill	562	3,902	255,397	106,598	2,188
Power Adder	50,993	58,521	115,590	7,628	232,732
Amount Billed	\$ 242,851	\$ 276,910	\$ 409,897	\$ 26,071	\$ 955,729
Amount per Kilowatt	0.11320	0.11248	0.08447	0.08153	0.09773